

## CHAPTER 10

**NOTES TO THE FINANCIAL STATEMENTS**1001 GENERAL

★100101. This chapter provides format, content, and instruction for the preparation and presentation of notes to the principal statements. In addition, specific required disclosures of material departures from Statements of Federal Financial Accounting Standards (SFFAS) will be issued by memorandum each year for inclusion in the financial statements of the Department of Defense (DoD) reporting entities. All calculations used in the note schedules and tables shall match the rounding used in the principal statements.

★100102. In many cases, the underlying financial systems and operations that produce these statements were not designed to generate auditable financial statements in compliance with this form and content guidance. Consequently, diversions from generally accepted accounting principles and DoD policy exist in many of the Department's organizations. This is due largely, but not entirely, to long-standing systems deficiencies. The continuing system deficiencies remain a serious challenge to the Department--and realistically will require a number of years to correct. In cases where individual line items of the financial statements cannot be obtained or a substitution is made from the requirements herein, the deficiencies must be explained and the reason for noncompliance annotated in the related footnote. In addition, departures from federal accounting standards should be identified in Note 1 "Significant Accounting Policies," and may be included in the "Overview of the Reporting Entity."

★100103. The following table provides a summary of the note numbers, titles, and Chapter 10 Sections:

Note Number:	Title:	Chapter 10 Section:
1	Significant Accounting Policies	1002
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3	Investments, Net	1004
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6	Direct Loans And Loan Guarantees, Non-Federal Borrowers	1007
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Table 10-1

Note Number:	Title:	Chapter 10 Section:
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Table 10-1 (cont.)

★1002 NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

100201. Note 1 to the financial statements should describe the reporting entity and identify its major components. In addition, it should summarize the accounting principles and the methods of applying those principles, that management has concluded are the most appropriate for presenting the entity's significant assets, liabilities, equity, net cost of operations, changes in net position, and budgetary resources. Disclosure of accounting policies should identify and describe the accounting policies followed by the reporting entity and the methods of applying those principles. In general, the disclosure should encompass important judgements as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources. Disclosure of accounting policies should not duplicate details presented elsewhere as part of the notes to the financial statements.

100202. The summary of significant accounting policies should disclose any significant changes, from the prior year, in the composition of the reporting entity or significant changes in the manner in which the reporting entity aggregates information for financial reporting purposes.

100203. In many cases, the underlying financial systems and operations that produce these statements were not designed to generate auditable financial statements in compliance with this form and content guidance. In cases where individual line items of the financial statements cannot be obtained or a substitution is made from the requirements herein, the deficiencies will be explained and the reason(s) for noncompliance annotated. At the discretion of entity management, such explanation may be included in the "Overview of the Reporting Entity;" but must be included in individual "Notes" to the financial statements or at Note 1, "Significant Accounting Policies."

100204. This section provides a **sample** Note 1. However, the specific wording shown will not be applicable to all DoD components. Each reporting entity must prepare Note 1 to describe its significant accounting policies.

Note 1. Significant Accounting Policies:

A. Basis of Presentation. These financial statements have been prepared to report the financial position and results of operations of the Department of Defense (DoD), as required by the Chief Financial Officers (CFO) Act of 1990, expanded by the Government Management Reform Act (GMRA) of 1994, and other appropriate legislation. The financial statements have been prepared from the books and records of the Department in accordance with "Department of Defense Financial Management Regulation" ("DoDFMR") as adapted from Office of Management and Budget (OMB) Bulletin No. 97-01, "Form and Content of Agency Financial Statements." These statements are in addition to the financial reports, also prepared by the DoD pursuant to OMB directives, that are used to monitor and control DoD's use of budgetary resources.

★B. Reporting Entity. The Department was created on September 18, 1947, by the National Security Act of 1947. The overall mission of the Department is to organize, train, and equip armed forces to deter aggression and, if necessary, defeat aggressors of the United States and its allies. Fiscal year (FY) 1999 represents the fourth year that the Department will prepare and have audited, DoD Agency-wide financial statements as required by the CFO Act and the GMRA.

1. The accounts used to prepare the statements are classified as entity/nonentity. Entity accounts consist of resources that the agency has the authority to use, or where management is legally obligated to use funds to meet entity obligations. Nonentity accounts are assets that are held by an entity but are not available for use in the operations of the entity. [List accounts and title categorized by fund type and grouped by entity and nonentity (see appendix A)]

2. The accompanying audited financial statements account for all resources for which the Department is responsible except that information relative to classified assets, programs, and operations have been excluded from the statement or otherwise aggregated and reported in such a manner that it is no longer classified. The audited financial statements are presented on the accrual basis of accounting as required by federal financial accounting standards.

C. Budgets and Budgetary Accounting. The Department's major activities are funded through general, working capital (revolving funds), trust, special, and deposit funds.

1. General funds are used to record financial transactions arising under congressional appropriations.

2. The Department expanded the use of businesslike financial management practices through the establishment of the Defense Business Operations Fund (DBOF) on October 1, 1991. On December 11, 1996, the DBOF became the Defense Working Capital Funds (DWCFs). The DWCFs ("the Funds") operate with financial principles that provide improved cost visibility and accountability to enhance business management and improve the decision making process. The Funds build on revolving fund principles previously used for industrial and commercial-type activities. The Department's working capital funds include industrial and commercial type transactions, e.g., supply management, distribution depot and depot maintenance type activity groups, and are composed of four divisions administered by the Departments of

the Army, Navy, Air Force and Defense Agencies. These activities provide goods and services on a commercial-like basis. Receipts derived from operations generally are available in their entirety for use without further congressional action.

3. Trust funds are used to record the receipt and expenditure of funds held in trust by the government for use in carrying out specific purposes or programs in accordance with the terms of the donor, trust agreement, or statute.

4. Special funds account for receipts of the government that are earmarked for a specific purpose.

5. Deposit funds generally are used to (1) hold assets for which the Department is acting as an agent or a custodian or whose distribution awaits legal determination or (2) account for unidentified remittances.

D. Basis of Accounting. Transactions generally are recorded on a budgetary basis, but are required to be reported (in these financial statements) on an accrual accounting basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred, without regard to receipt or payment of cash. Budgetary accounting is accomplished through unique general ledger accounts to facilitate compliance with legal and internal control requirements associated with the use of federal funds. The effect of known intrafund transactions are eliminated.

E. Revenues and Other Financing Sources. Financing sources for general funds are provided through congressional appropriations that are received on both an annual and a multi-year basis. Revenue for business fund activities is recognized according to the percentage completion method.

1. For financial statement reporting purposes under accrual accounting, operating expenses for general fund activities are recognized in the period incurred. Expenditures for capital and other long-term assets are not recognized as expenses until consumed in the Department's operations. Unexpended appropriations are recorded as equity of the U.S. Government.

2. Certain expenses, such as annual and military leave earned but not taken, are not funded when accrued. Such expenses are financed in the period in which payment is made.

F. Accounting for Intragovernmental Activities. The Department, as an agency of the federal government, interacts with and is dependent upon the financial activities of the federal government as a whole. Therefore, these financial statements do not reflect the results of all financial decisions applicable to the Department as though the agency was a stand-alone entity.

1. The Department's proportionate share of public debt and related expenses of the federal government are not included. Debt issued by the federal government and the related interests costs are not apportioned to federal agencies. The Department's financial statements, therefore, do not report any portion of the public debt or interest thereon, nor do the statements report the source of public financing whether from issuance of debt or tax revenues.

2. Financing for the construction of DoD facilities is obtained through budget appropriations. To the extent this financing ultimately may have been obtained through the issuance of public debt, interest costs have not been capitalized since the Treasury Department does not allocate such interest costs to the benefiting agencies.

★3. The Department's civilian employees participate in the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS), while military personnel are covered by the Military Retirement System (MRS). Additionally, employees and personnel covered by FERS and MRS also have varying coverage under Social Security. The Department funds a portion of the civilian and military pensions. Reporting civilian pension benefits under CSRS and FERS retirement systems is the responsibility of the Office of Personnel Management (OPM). The Department recognizes an imputed expense for the portion of civilian employee pensions and other retirement benefits funded by OPM in the statement of net cost; and recognizes corresponding imputed revenue for the civilian employee pensions and other retirement benefits in the statement of changes in net position. The Department reports the assets, funded actuarial liability, and unfunded actuarial liability for the military personnel in the Military Retirement Trust Fund financial statements. The Department recognizes the actuarial liability for the military retirement health benefits in the DoD Agency-wide statements.

4. Each year, the Department's Components sell assets to foreign governments under the provisions of the Arms Export Control Act of 1976. Under the provisions of the Act, the Department has authority to sell defense articles and services to foreign countries, generally at no profit or loss to the U.S. Government. Customers are required to make payments in advance to a trust fund maintained by the Department of the Treasury from which the Military Services are reimbursed for the cost of administering and executing the sales. In FY 19\*\*, the Department received reimbursements of \$xxx thousands for assets and services sold under the Foreign Military Sales program.

G. Funds with the U.S. Treasury and Cash. The Department's financial resources are maintained in U.S. Treasury accounts. The Department's cash receipts and disbursements are processed by the Defense Finance and Accounting Service disbursing offices, the U.S. disbursing offices at the Department of State's financial service centers as well as the Department of the Treasury and the Federal Reserve. The balance with the U.S. Treasury represents the aggregate of all unexpended balances. Material disclosures are provided at Note 2.

H. Foreign Currency. The Department conducts a significant portion of its operations overseas. Gains and losses from foreign currency transactions for five general fund appropriations (operation and maintenance, military personnel, military construction, family housing operation and maintenance, and family housing construction) are recognized and reported in the net cost statement. The gains or losses are computed as the variance between the exchange rate current at the date of payment and a budget rate established at the beginning of each fiscal year. Similar gains and losses for other appropriations are not recognized in the net cost statement. Instead, they are absorbed by budgetary transactions in which obligations are increased or decreased to reflect foreign currency fluctuations. Material disclosures are provided at Note 7.

I. Accounts Receivable. As presented in the balance sheet statement, accounts receivable includes accounts, claims, and refunds receivable from other entities. Allowances for uncollectable accounts are based upon analysis of collection experience by fund type. Material disclosures are provided at Note 4.

J. Loans Receivable. Loans are accounted for as receivables after funds have been disbursed. The amount of loans obligated but not disbursed are disclosed in Note 6. For loans obligated prior to October 1, 1991, loan principal, interest, and penalties receivable are reduced by an allowance for estimated uncollectible amounts. The allowance is estimated based on past experience, present market conditions, and an analysis of outstanding balances. For loans obligated on or after October 1, 1991, the loans receivable are reduced by an allowance equal to the present value of the subsidy

costs (due to the interest rate differential between the loans and U.S. Treasury borrowing, the estimated delinquencies and defaults net of recoveries, the offset from fees, and other estimated cash flows) associated with these loans.

K. Inventories and Related Property. Inventories, are reported at Latest Acquisition Cost (LAC). The LAC is determined by subtracting appropriate surcharges from the Standard Cost to arrive at the price most recently paid for a carried item. Gains and losses that result from valuation changes for inventory items are recognized and reported in the net cost statement and included in the calculation of the cost of goods sold. No gains or losses are recognized in the net cost statement as a result of changes in valuation for general fund operating supplies and materials. Such changes are reflected in the asset valuations and related invested capital as reported in the balance sheet statement. The related property portion of the amount reported includes operating materials and supplies, stockpile materials, seized property and forfeited property. Operating materials and supplies are valued at historical cost or an approximation of historical cost. Ammunition and munitions that are not held for sale are treated as operating materials and supplies. The consumption method of accounting for the recognition of expenses has been applied for operating materials and supplies, except where management determined that the purchases method is more appropriate as provided in SFFAS No. 3. Other material disclosures related to inventory and related property are provided at Note 8.

★L. Investments in U.S. Treasury Securities. Investments in U.S. Treasury securities are reported at cost, net of unamortized premiums or discounts. Premiums or discounts are amortized into interest income over the term of the investment using the effective interest rate method or other method if similar results are obtained. The reporting entity's intent is to hold investments to maturity, unless they are needed to finance claims or otherwise sustain operations. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. Material disclosures are provided at Note 3.

★M. General Property, Plant and Equipment (PP&E).

1. The only type of PP&E that shall be reported on the FY 1999 Balance Sheet are General PP&E and Multi-use Heritage Assets. Information pertaining to National Defense PP&E, Heritage Assets and Stewardship Land must not be reported on the Balance Sheet. Rather, such information shall be reported in the Required Supplemental Stewardship Information. (See Chapter 11 of this Regulation for Stewardship Asset reporting requirements and instructions.)

2. The DoD Components shall include in Note 1.M. general information pertaining to the accounting principles and treatment for General PP&E. The following are examples of such general information that should be included in Note 1.M. Material disclosures are provided at Note 9.

★a. General PP&E is valued at historical acquisition cost plus capitalized improvements. General PP&E assets are capitalized when an asset has a useful life of two or more years, and when the acquisition cost equals or exceeds the DoD capitalization threshold of \$100,000. All General PP&E other than land, is depreciated on a straight-line basis unless the DoD Component has an exception to DoD policy, which, if applicable, should be disclosed. General PP&E land is not depreciated.

★b. If significant amounts of General PP&E are not valued at historical acquisition cost, the method used to value such assets should be disclosed. For example, if estimates have been used, DoD Components shall disclose how the

estimates were determined, such as the cost of similar assets at the time of acquisition or the current cost of similar assets discounted for inflation to the time of acquisition.

★c. Multi-use Heritage Assets are Heritage Assets that are used predominately for government operations (e.g., The Pentagon). Multi-use Heritage Assets are treated as General PP&E for reporting and accounting purposes. The acquisition costs of Multi-use Heritage Assets, and any capitalized improvements, are reported on the Balance Sheet and depreciated.

★d. For entities operating as business-type activities (Working Capital Funds (WCF), all PP&E use in its operation is categorized as General PP&E, whether or not it meets the definition of a Stewardship Asset. Heritage Assets not used in the operation of a WCF activity shall be reported on the Component's Heritage Asset Stewardship Report. Prior to FY 1996, General PP&E with an acquisition cost equal to or greater than \$15,000, \$25,000, and \$50,000 for FY 1993, FY 1994, and FY 1995, respectively, with an estimated useful life of two or more years, was capitalized. These remain capitalized and subject to depreciation for WCF activities even though General Fund activities wrote off previously capitalized assets in FY 1998 that did not meet the current DoD capitalization threshold of \$100,000.

N. Prepaid and Deferred Charges. Payments in advance of the receipt of goods and services are recorded as prepaid and deferred charges at the time of prepayment and reported as an asset on the Balance Sheet. Prepaid charges are recognized as expenditures and expenses when the related goods and services are received.

★O. Leases. Generally, lease payments are for the rental of equipment, space, and operating facilities and are classified as either capital or operating leases. When a lease is essentially equivalent to an installment purchase of property, (a capital lease), and the value equals or exceeds the current DoD capitalization threshold, the applicable asset and liability are recorded. The amount recorded is the present value of the rental and other lease payments during the lease term, excluding that portion of the payments representing executory costs paid to the lessor. Capital assets overseas are purchased with appropriated funds; however, title is retained by the host country. Leases that do not transfer substantially all of the benefits or risks of ownership are classified as operating leases and recorded as expenses during the period.

P. Other Assets. The Department conducts business with commercial contractors under two primary types of contracts-fixed price and cost. In order to alleviate the potential financial burden on the contractor that these long-term contracts can cause, the Department often times provides financing payments. One type of financing payment that the Department makes is based upon a percentage of completion. In accordance with SFFAS No. 1, these payments are reported as work in process and are not reported as advances or prepayments in the "Other Assets" line item. However, the Department has reported progress payments provided to contractors under the terms of fixed price contracts as an advance or prepayment in the "Other Assets line item. While our auditors do not agree with this presentation because SFFAS No. 1 does not address this type of financing payment, the Department treats these payments as advances because the Department becomes liable only after the contractor delivers the good in conformance with the contract terms. If the contractor does not deliver a satisfactory product, the Department is not obligated to reimburse the contractor for their costs and the contractor is liable to repay the Department for the full amounts of the advance.

Q. Contingencies.

1. At any given time, the Department may be subject to various legal and administrative actions and claims brought against it. These actions or claims primarily involve claims that may result from events such as aircraft, ship, and vehicle accidents, medical malpractice, property or environmental damages, and contract disputes.

★2. Most legal actions, other than contract claims, to which the Department may be a named party are covered by the provisions of the Federal Tort Claims Act and the provisions of Title 10, United States Code, Chapter 163, governing military claims.

★3. A liability is recognized for individual cases of pending, threatened, or potential litigation when it is extremely doubtful that the reporting entity will prevail, and the amount of loss can be reasonably estimated.

★4. Other contingencies are disclosed when conditions for liability recognition do not exist but there is at least a reasonable possibility that a loss or additional loss will be incurred.

★5. Material disclosures are provided in Note 13.

R. Accrued Leave. Civilian annual leave and military leave are accrued as earned and the accrued amounts are reduced as leave is taken. The balances for annual and military leave at the end of the FY reflect current pay rates for the leave that is earned but not taken. Sick and other types of nonvested leave are expensed as taken. Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources.

S. Equity.

1. Equity consists of unexpended appropriations and cumulative result of operations. Unexpended appropriations represent amounts of authority which are unobligated and have not been rescinded or withdrawn, and amounts obligated but for which neither legal liabilities for payments have been incurred nor actual payments made.

2. Cumulative results of operations represents the difference since inception of an activity between expenses and losses, and financing sources including appropriations, revenue, and gains. Beginning with FY 1998, this included the cumulative amount of donations and transfers of assets in and out without reimbursement. In addition, there is no longer a segregation of cumulative amounts related to investments in capitalized assets, such as PP&E, or precredit reform loans, or a separate negative amount shown for future funding requirements. Cumulative results of operations for WCFs represents the excess of revenues over expenses since fund inception, less refunds to customers and returns to the U.S. Treasury.

T. Treaties for Use of Foreign Bases. The DoD Components have the use of land, buildings, and other facilities, which are located overseas and have been obtained through various international treaties and agreements negotiated by the Department of State. Generally, treaty terms allow the DoD Components continued use of these properties until the treaties expire. Capital investments in buildings and other facilities (for example, runways) located on the overseas bases are capitalized as stipulated in Note 1-M. These fixed assets are subject to loss in the event treaties are not



renewed or other agreements are not reached which allow for the continued use by the Department. Therefore, in the event treaties or other agreements are terminated whereby use of foreign bases is no longer allowed, losses will be recorded for the value of any nonretrievable capital assets after negotiations between the United States and the host country have been concluded to determine the amount to be paid the United States for such capital investments.

★U. Comparative Data. Comparative data is not required by OMB 97-01 until FY 2000 annual financial statements. Comparative data will be presented starting in FY 2000 in order to provide an understanding of changes in the financial position and operations of the Department's reporting activities.

★V. Undelivered Orders. The Department is obligated for goods and services which have been ordered but not yet received (undelivered orders) and thus do not represent a liability for payment.

## 1003 NOTE 2. FUND BALANCES WITH TREASURY

★100301. Footnote Format.Note 2. Fund Balances with Treasury:

(\$ in Thousands)

## 1. Fund Balances:

Fund Type	Entity Assets	Non-Entity Assets	Total
a. Appropriated Funds	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
b. Revolving Funds	xxx,xxx	xxx,xxx	xxx,xxx
c. Trust Funds	xxx,xxx	xxx,xxx	xxx,xxx
d. Other Fund Types	xxx,xxx	xxx,xxx	xxx,xxx
e. Total	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>

## 2. Fund Balance Per Treasury Versus Agency:

	Entity Assets	Non-Entity Assets
a. Fund Balance Per Treasury	\$ xxx,xxx	\$ xxx,xxx
b. Fund Balance Per [Reporting Entity]	xxx,xxx	xxx,xxx
c. Reconciling Amount	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>

## 3. Explanation of Reconciliation Amount:

## 4. Other Information Related to Fund Balance With Treasury: \_\_\_\_\_

Figure 10-1

★100302. Instructions.

A. Entity Fund and Account Balances. Entity Fund Balance with Treasury represents the total of all obligated, but not yet disbursed, as well as all unobligated undisbursed account balances with the U.S. Treasury that are available for use by the Department, as reflected in the entity's records. Differences between this amount and the amount reported on Financial Management Service (FMS) Form 2108, "Year End Closing Statement" or submitted through Federal Agencies Centralized Trial Balance II (FACTS II) must be computed in Part B. and explained in Part C. The Fund Balance With Treasury line does not include any amounts for which The Department of the Treasury is willing to accept corrections to cancelled appropriation accounts, in accordance with SFFAS Number 1. The total amount reported shall include amounts for appropriations with extended obligation authority (e.g., Shipbuilding and Conversion). In Part A. disclose by fund type the entity assets and nonentity assets. Compute and provide totals by fund type in the Total column. The total amount reported in the column entitled "Entity Assets" should agree with line 1.A.1. of the Entity's balance sheet. In addition, if

any of the individual balances included in the “Other Fund Types” line 1.d. of the note are material, list them separately. Material balances are line item components that comprise more than 10 percent of line 1.d. “Other Fund Types.”

★B. Non-Entity Fund and Account Balance. The total amount reported in this note, part A, column entitled “Non-Entity Assets” should agree with line 2.A.1. of the balance sheet. Included are balances in deposit, receipt, suspense, clearing and related nonspending accounts, such as for collections pending litigation, awaiting determination of the proper accounting disposition, or being held by the entity in the capacity of a banker or agent for others, not available to finance the entity’s activities. If any component included in the “Other Fund Types” line 1.d. of the note are material, list them separately. Material balances are line item components that represent more than 10 percent of line 1.d. “Other Fund Types.”

★C. Reconciliation of Reporting Entity Fund Balance With Treasury Amount and Treasury FMS Balances. Instructions for parts 2. and 3. of note 2. Insert the Fund Balance With Treasury amount, from the U. S. Treasury on the “Fund Balance Per Treasury” line of Note 2. Part 2. Insert the Fund Balance With Treasury amount reported in the reporting entity general ledger account, at appropriation level on “Fund Balance Per [Reporting Entity]” line in Part 2. The amount reported as entity assets on line 2.b. of Note 2. should equal the amount of entity assets reported on line 1.e. of Note 2. The amount reported as nonentity assets on line 2.b. of Note 2. should equal the amount of nonentity assets reported on line 1.e. of Note 2. In addition, all amounts should agree with the reporting entity’s Fund Balance amount in the general ledger account. Compute any difference and report on the “Reconciling Amount” line of note. Explain the cause of any reconciling amount in Part 3. of the note between the amount of fund balance with Treasury in the entity’s records and the corresponding account balances reported on the Treasury’s end of period (post closing) balances in the FMS Form 2108 or FACTS II. Discrepancies due to time lag should be reconciled and discrepancies due to error should be corrected when financial reports are prepared.

★D. Other Information Related to Fund Balance With Treasury. Provide other information, in Part 4. of the note, necessary for understanding the nature of fund balances. At a minimum, reporting entities should disclose information on (1) amounts of unused funds in expired appropriations that are returned to Treasury, (2) amounts of funds categorized as obligated but not yet disbursed, and (3) amounts categorized as unobligated.

## 1004 NOTE 3. INVESTMENTS, NET

★100401. Footnote Format.

<u>Note 3. Investments, Net</u> (\$ in Thousands)						
	(1)	(2)	(3)	(4)	(5)	(6)
	Cost	Amorti- zation Method	Amortized [Premium]/ Discount	Invest- ments, Net	Other Adjust- ments	Market Value Disclosure
1. Intragovernmental Securities:						
a. Marketable	\$ xxx,xxx		\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
b. Non-Marketable, Par Value	xxx,xxx		xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
c. Non-Marketable, Market-Based	xxx,xxx		xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
d. Subtotal	<u>\$ xxx,xxx</u>		<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
e. Accrued Interest	<u>xxx,xxx</u>		<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>xxx,xxx</u>
f. Total	<u><u>\$ xxx,xxx</u></u>		<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>
2. Other Securities:						
a. Commercial Paper	\$ xxx,xxx		\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
b. Other	xxx,xxx		xxx,xxx	xxx,xxx	\$ xxx,xxx	xxx,xxx
c. Subtotal	<u>xxx,xxx</u>		<u>xxx,xxx</u>	<u>xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>xxx,xxx</u>
d. Accrued Interest	<u>\$ xxx,xxx</u>		<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>\$ xxx,xxx</u>
e. Total	<u><u>\$ xxx,xxx</u></u>		<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>
3. Total Intragovernmental and Other Securities	<u><u>\$ xxx,xxx</u></u>		<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>	<u><u>\$ xxx,xxx</u></u>
4. Other Information:	_____					
	_____					

Figure 10-2

★100402. Instructions. Columns 1 through 4 are for disclosing amounts to be recognized on the balance sheet. Column 4 equals column 1 plus column 3, column 5 includes any reduction in value that is more than temporary and other adjustments, and column 6 equals column 4 plus column 5. Securities are normally recognized at cost or amortized cost on the Balance Sheet. However, market value is used for Balance Sheet purposes (except for pension and other retirement plans) when (a) there is intent to sell the securities prior to maturity, and (b) there is a reduction in value that is more than temporary. Column 6 is to be used to disclose the market value of all marketable securities and all nonmarketable market-based securities.

★A. Intragovernmental Securities. Investments are comprised of marketable and non-marketable securities.

1. Non-Marketable Securities. Non-Marketable par value Intragovernmental Treasury Securities are issued by the Bureau of the Public Debt to federal accounts and are purchased and redeemed at par exclusively through Treasury's Finance and Funding Branch. Non-Marketable Market-Based Treasury Securities are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. All investments maintained by DFAS-HQ/ASRA are Non-Marketable Market-Based Treasury Securities (e.g., DoD Education Benefits Fund). The total net investment (column 4) in federal securities should agree with the amount reported on line 1.A.2. of the balance sheet.

2. Accrued Interest. The amount recorded as accrued interest represents the amount of interest accrued on investment securities but not received as of the date of the statement.

B. Other Securities. Any components of line 2.b. Note 3. that represents more than 10 percent of the value of the line should be separately disclosed.

C. Total. The sum of intergovernmental and other investments.

D. Other Information. Disclose other information relative to understanding the nature of reported investments or the "Other Adjustments" column such as permanent impairments.

## ★1005 NOTE 4. ACCOUNTS RECEIVABLE, NET

★100501. Footnote Format.

<u>Note 4. Accounts Receivable:</u> (\$ in Thousands)			
	(1) Gross Amount Due	(2) [Allowance for Estimated Uncollectibles]	(3) Net Amount Due
1. Entity Receivables:			
a. Intragovernmental	\$ xxx,xxx	N/A	\$ xxx,xxx
b. With the Public	xxx,xxx	[xxx,xxx]	xxx,xxx
2. Non-Entity Receivables:			
a. Intragovernmental			
(1) Cancelled appropriations	xxx,xxx	N/A	xxx,xxx
(2) Other	xxx,xxx	N/A	xxx,xxx
b. With the Public			
(1) Cancelled appropriations	xxx,xxx	[xxx,xxx]	xxx,xxx
(2) Other	xxx,xxx	[xxx,xxx]	\$ xxx,xxx
3. Allowance Method Used:			
4. Other Information:			

Figure 10-3

★100502. Instructions. Present, the gross receivables, the allowance for estimated uncollectibles (with the public), the method used to estimate the allowance, and the net amount due as further explained in the following instructions. Do not include receivables related to direct or guaranteed loans, which are reported in Note 6.

A. Entity Receivables. These receivables arise from transactions among federal entities and from transactions of the federal government or an entity of the federal government with nonfederal entities. These receivables, when collected, can be used in the reporting entity's operations. Receivables a federal entity is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collection are "Entity Receivables" and should be reported separately from "Non-Entity Receivables."

★1. Intragovernmental. Intragovernmental entity receivables are claims of a federal entity against other federal entities. Column 3 for this line must equal line 1.A.3. of

the balance sheet statement. No allowance for uncollectible accounts shall be reported for intragovernmental receivables.

★2. With the Public. Entity receivables with the public are claims of the federal government or an entity within the federal government against nonfederal entities. The term “nonfederal entities” encompasses domestic and foreign persons and organizations outside the U.S. Government. Net amount due for this line must equal line 1.B. of the balance sheet statement.

B. Non-Entity Receivables. These receivables arise from transactions among federal entities and from transactions of the federal government or an entity of the federal government with nonfederal entities. These receivables, when collected, cannot be used in the reporting entity’s operations and must be deposited or transferred to another account or fund.

★1. Intragovernmental. Intragovernmental nonentity receivables are claims of a federal entity against other federal entities. Column 3 for this line must equal line 2.A.2. of the balance sheet statement. No allowance for uncollectible accounts shall be reported for intragovernmental receivables.

★2. With the Public. Nonentity receivables with the public are claims of the federal government or an entity within the federal government against nonfederal entities. The term “nonfederal entities” encompasses domestic and foreign persons and organizations outside the U.S. Government. Net amount due must equal line 2.B. of the balance sheet statement.

★3. Other Receivables – Line 2.a.2. and Line 2.b.2. If any of the components of “Other Receivables” represents more than 10 percent of the value of the line, those components should be separately disclosed.

C. Allowance Method Used. Disclose the method(s) of calculating the allowance for estimated uncollectibles.

D. Other Information. Disclose any other information relative to Accounts Receivable, including but not limited to, the amount of interest accrued on uncollectible accounts receivable that have not been officially waived or the associated debt written off.

★1006 NOTE 5. OTHER ASSETS★100601. Footnote Format.

<u>Note 5. Other Assets:</u>	
(\$ in Thousands)	
1. Other Entity Assets	
a. Intragovernmental	
(1) Assets Returned for Credit	\$ xxx,xxx
(2) Advances and Prepayment	xxx,xxx
(3) Other	xxx,xxx
(4) Total Intragovernmental	\$ x,xxx,xxx
b. Other	
(1) Outstanding Contract Financing Payments	\$ xxx,xxx
(2) _____	xxx,xxx
(3) Total Other	\$ x,xxx,xxx
2. Other Information related to entity assets. _____	
3. Other Non-Entity Assets	
a. Intragovernmental	
(1) _____	\$ xxx,xxx
(2) _____	xxx,xxx
(3) Total Intragovernmental	\$ x,xxx,xxx
b. Other	
(1) _____	\$ xxx,xxx
(2) _____	xxx,xxx
(3) Total Other	\$ x,xxx,xxx
4. Other Information related to nonentity assets. _____	

Figure 10-4

100602. Instructions.

★A. Other Entity Assets. List and describe each major category of intragovernmental and other assets not included on other lines on the statement. If any of the components of “Other Entity Assets,” either intragovernmental or with the public, represents more than 10 percent of the value of line, those components should be separately disclosed. The total of “Other Entity Assets-Intragovernmental” should agree with the amount reported on line 1.A.4. of the balance sheet statement. The total of “Other Assets” should agree with line 1.G. on the statement.



B. Other Information. Provide other relative information needed to understand the nature other entity assets. The Department will report financing payments for fixed price contracts as advances and prepayments on line A.2.a. as “Outstanding Contract Financing Payments.” At a minimum include the following language on the “Other Information” line for entity assets: “The Department has reported financing payments for fixed price contracts as an advance and prepayment, because under the terms of the fixed price contracts, the Department becomes liable only after the contractor delivers the goods in conformance with the contract terms. If the contractor does not deliver a satisfactory product, the Department is not obligated to reimburse the contractor for their costs and the contractor is liable to repay the Department for the full amount of the advance. The auditors disagree with the Department’s application of the accounting standard pertaining to advances and prepayments because SFFAS No. 1 does not address this type of financing payment.”

★C. Other Non-Entity Assets. List and describe each major category of intragovernmental and other nonentity assets not included on other lines on the statement. If any of the components of “Other Non-Entity Assets,” either intragovernmental or with the public, represents more than 10 percent of the value of the line, those components should be separately disclosed. The total of Other Non-Entity Assets Intragovernmental should agree with the amount reported on line 2.A.3. of the balance sheet. The total of Other Non-Entity Assets should agree with the amount reported on line 2.D. of the statement.

D. Other Information. Provide other information relative to other nonentity assets needed to understand the nature other nonentity assets.

★1007 NOTE 6. LOANS RECEIVABLE AND RELATED FORECLOSED PROPERTY, NET. If applicable, use the following note disclosure. Some examples of DoD direct loans or loan guarantees are Navy Ship Vessel Transfer Account and Family Housing Improvement Fund.

100701. A. Footnote Format.

**Note 6. Loans Receivable and Related Foreclosed Property, Net :**

1. The entity operates the following direct loan and/or loan guarantee programs:

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

An analysis of loans receivable, loan guarantees, the liability for loan guarantees, and the nature and amounts of the subsidy and administrative costs associated with the direct loans and loan guarantees is provided in the following sections.

2.a. Direct Loans Obligated Prior to FY 1992 (Present Value Method):

Loan Guarantee Program Title	Loans Receivable Gross	Interest Receivable	Foreclosed Property	(Present Value Allowance)	Value Of Assets Related To Direct Loans
(1) _____	\$ xxx	\$ xxx	\$ xxx	\$ ( xxx)	\$ xxx
(2) _____	xxx	xxx	xxx	(xxx)	xxx
Total	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ (xxx)</u>	<u>\$ xxx</u>

2.b. Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method):

Loan Guarantee Program Title	Loans Receivable Gross	Interest Receivable	Allowance for Loan Losses	Fore- closed Property	Value Of Assets Related To Direct Loans
(1) _____	\$ xxx	\$ xxx	\$ (xxx)	\$ xxx	\$ xxx
(2) _____	xxx	Xxx	(xxx)	xxx	xxx
Total	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ (xxx)</u>	<u>\$ xxx</u>	<u>\$ xxx</u>

Figure 10-5

## 3. Direct Loans Obligated After FY 1991:

Loan Guarantee Programs Title	Loans Receivable Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value Of Assets Related To Direct Loans
(1) _____	\$ xxx	\$ xxx	\$ xxx	\$ ( xxx)	\$ xxx
(2) _____	xxx	Xxx	xxx	(xxx)	xxx
Total	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ (xxx)</u>	<u>\$ xxx</u>

## 4.a. Defaulted Guaranteed Loans from Pre-1992 Guarantees (Present Value Method):

Loan Guarantee Programs Title	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	(Present Value Allowance)	Defaulted Guaranteed Loans Receivable, Net
(1) _____	\$ xxx	\$ xxx	\$ xxx	\$ ( xxx)	\$ xxx
(2) _____	xxx	Xxx	xxx	(xxx)	xxx
Total	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ (xxx)</u>	<u>\$ xxx</u>

## 4.b. Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method):

Loan Guarantee Programs Title	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	(Allowance For Loan Losses)	Foreclosed Property	Defaulted Guaranteed Loans Receivable, Net
(1) _____	\$ xxx	\$ xxx	\$ (xxx)	\$ xxx	\$ xxx
(2) _____	xxx	Xxx	(xxx)	xxx	xxx
Total	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ (xxx)</u>	<u>\$ xxx</u>	<u>\$ xxx</u>

## 5. Defaulted Guaranteed Loans from Post-1991 Guarantees:

Loan Guarantee Programs Title	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable
(1) _____	\$ xxx	\$ xxx	\$ xxx	\$ ( xxx)	\$ xxx
(2) _____	xxx	xxx	xxx	(xxx)	xxx
Total	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ (xxx)</u>	<u>\$ xxx</u>

Figure 10 – 5 (Cont.)

## 6. Guaranteed Loans Outstanding:

<u>Loan Program Title</u>	<u>Outstanding Principal, Guaranteed Loans, Face Value</u>	<u>Amount of Outstanding Principal Guaranteed</u>
(1) _____	\$ xxx	\$ xxx
(2) _____	<u>xxx</u>	<u>xxx</u>
Total	<u>\$ xxx</u>	<u>\$ xxx</u>

## 7.a. Liability for Loan Guarantees (Present Value Method, pre 1992):

<u>Loan Program Title</u>	<u>Liabilities for Losses on Pre-1992 Guarantees, Present Value</u>	<u>Liabilities for Loan Guarantees for Post-1991 Guarantees, Present Value</u>	<u>Total Liabilities For Loan Guarantees</u>
(1) _____	\$ xxx	\$ xxx	\$ xxx
(2) _____	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>

## 7.b. Liability for Loan Guarantees (Estimated Future Default Claims, Pre 1992):

<u>Loan Program Title</u>	<u>Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims</u>	<u>Liabilities for Loan Guarantees for Post-1991 Guarantees, Present Value</u>	<u>Total Liabilities For Loan Guarantees</u>
(1) _____	\$ xxx	\$ xxx	\$ xxx
(2) _____	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>

Figure 10 –5 (Cont.)

## 8. Subsidy Expense for Post-1991 Direct Loans

## a. Current Year's Direct Loans

<u>Loan Program Title</u>	<u>Interest Differential</u>	<u>Defaults</u>	<u>Fees</u>	<u>Other</u>	<u>Total</u>
(1) _____	\$ xxx	\$ xxx	\$ (xxx)	\$ xxx	\$ xxx
(2) _____	xxx	xxx	(xxx)	xxx	xxx
Total					<u>\$ xxx</u>

## b. Direct Loan Modifications and Reestimates

<u>Loan Program Title</u>	<u>Modifications</u>	<u>Reestimates</u>
(1) _____	\$ xxx	\$ xxx
(2) _____	xxx	xxx

## c. Total Direct Loan Subsidy Expenses

<u>Loan Program Title</u>	
(1) _____	\$ xx
(2) _____	xx
Total	<u>\$ xxx</u>

## 9. Subsidy Expense for Post-1991 Loan Guarantees:

## a. Current Year's Loan Guarantees

<u>Loan Program Title</u>	<u>Defaults</u>	<u>Fees</u>	<u>Interest Supplement</u>	<u>Other</u>	<u>Total</u>
(1) _____	\$ xx	\$ (xx)	\$ xx	\$ xx	\$ xx
(2) _____	xx	(xx)	xx	xx	xx
Total					<u>\$ xxx</u>

## b. Loan Guarantee Modifications and Re-estimates

<u>Loan Program Title</u>	<u>Modifications</u>	<u>Reestimates</u>
(1) _____	\$ xx	\$ xx
(2) _____	xx	xx

Figure 10-5 (cont.)

c. Total Loan Guarantee Subsidy Expense			
<u>Loan Programs Title</u>			
(1)	_____	\$ xx	
(2)	_____	<u>xx</u>	
	Total	<u>\$ xxx</u>	
10. Administrative Expense:			
Direct Loans		Loan Guarantees	
<u>Loan Program Title</u>		<u>Loan Program Title</u>	
(1)	_____ \$ xx	(1)	_____ \$ xx
(2)	_____ <u>xx</u>	(2)	_____ <u>xx</u>
	Total <u>\$ xxx</u>		Total <u>\$ xxx</u>
11. Other Information: _____			
_____			

Figure 10-5 (Cont.)

100702. Instructions.A. Identity.

1. Enter the names of the direct loan and loan guarantee programs operated by the reporting entity. The Federal Credit Reform Act of 1990 divides direct loans and loan guarantees into two groups: (a) Pre-1992 means the direct loan obligations or loan guarantee commitments made prior to FY 1992 and the resulting direct loans or loan guarantees, and (b) Post-1991 means the direct loan obligations or loan guarantee commitments made after FY 1991 and the resulting direct loans or loan guarantees. The definitions and explanations of terms and concepts in these instructions can be supplemented by referring to the Office of Management and Budget (OMB) Circular A-34, Section 12, and OMB Circular A-11, Section 33.

2. Section 506(a)(1) of the Federal Credit Reform Act exempts the credit activities of certain agencies, such as Federal Depositors Insurance Corporation and Tennessee Valley Authority. These agencies can report in accordance with other requirements.

3. Agencies should disclose that direct loan obligations and loan guarantee commitments made after FY 1991, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act of 1990. The Act provides that the present value of the subsidy costs (which arises from interest rate differentials, interest subsidies, delinquencies and defaults, fee offsets, and other cash flows) associated with direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed. Direct loans are

reported net of an allowance for subsidy at present value, and loan guarantee liabilities are reported at present value.

4. Agencies should also disclose whether pre-1992 direct loans and loan guarantees are reported on a present value basis or are reported under the allowance for loss method. (Under the allowance for loss method, the nominal amount of the direct loans is reduced by an allowance for uncollectible amounts, and the liability for loan guarantees is the amount the agency estimates will more likely than not require a future cash outflow to pay default claims; under the present value method, the nominal amount of direct loans is reduced by an allowance equal to the difference between the nominal amount and the present value of the expected net cash flows from the loans, and the liability for loan guarantees is the present value of expected net cash outflows due to the loan guarantees.) Depending on the reporting method selected by management for pre-1992 direct loans and loan guarantees, agencies should choose the appropriate format from the alternatives shown in sections B, D, and G, above. (Note: Agencies should follow either the net present value method or the allowance for loss method but not both. They may not change from one method to the other without the advance approval of OMB.)

5. Agencies should disclose that their loans receivable, net, or their value of assets related to direct loans, is not the same as the proceeds that they would expect to receive from selling their loans. When the reporting entity has made payments on behalf of borrowers which should be collected from the borrowers, the resulting receivables shall be reported in the same column as loans receivable for either direct loans or defaulted guaranteed loans. Receivables related to administrative costs of operating these programs shall be reported as accounts receivable in Note 5. and not as credit program receivables in this note.

B. Direct Loans Obligated Prior to FY 1992. For each program with pre-1992 Direct Loans, report Loans Receivable Gross and Interest Receivable in columns 2 and 3 respectively. If the present value method is used, report in column 4 the estimated net realizable value of related foreclosed property and report in column 5 the present value allowance. The sum of columns 2 through 4 less column 5 is reported as Loans Receivable, Net (column 6). If the allowance for loss method is used, report in column 4 the allowance for loan losses and in column 5, the estimated net realizable value of related foreclosed property. The sum of columns 2, 3, and 5 less column 4 is reported as Loans Receivable, Net (column 6).

C. Direct Loans Obligated After FY 1991.

1. For each program with post-1991 Direct Loans, report Loans Receivable, Gross, Interest Receivable and the estimated net realizable value of related foreclosed property in columns 2, 3, and 4, respectively.

2. Foreclosed property associated with post-1991 direct and acquired defaulted guaranteed loans shall be valued at the net present value of the projected cash flows associated with the property. To practicably accomplish this requirement, foreclosed property may be recorded at the estimated net realizable value at the time of foreclosure. A portion of the

related allowance for subsidy account should apply to the foreclosed property, but that amount need not be separately determined. Rather, the allowance account is subtracted from the sum of the credit program assets to determine the net present value of the assets. For guidance in recording transactions related to foreclosures, see Treasury's case 5B, Accounting for Collateral and Escrow Transactions for a Loan Guarantee Program Under the Credit Reform Act of 1990 (Present Value Reporting Approach), dated August 24, 1993.

3. Report the related allowance for subsidy cost in column 5. Report the sum of columns 2 through 4 less column 5 as the Value of Assets Related to Direct Loans (column 6).

D. Defaulted Guaranteed Loans from Pre-1992 Guarantees. For each program with pre-1992 Loan Guarantees, report gross receivables from defaulted guaranteed loans assumed for direct collection in column 2 and the related interest receivable in column 3. If the present value method is used, report the estimated net realizable value of related foreclosed property in column 4, and the present value allowance in column 5. The sum of columns 2 through 4 less column 5 is reported as Defaulted Guaranteed Loans Receivable, Net (column 6). If the allowance for loss method is used, report the allowance for loan losses in column 4 and the estimated net realizable value of related foreclosed property in column 5. The sum of columns 2, 3 and 5 less column 4 is reported as Defaulted Guaranteed Loans Receivable, Net (column 6).

E. Defaulted Guaranteed Loans for Post-1991 Guarantees. For each program with post-1991 Loan Guarantees, report gross receivables from defaulted guaranteed loans assumed for direct collection, related interest receivable, and the estimated net realizable value of related foreclosed property in columns 2, 3, and 4, respectively. Report the related allowance for subsidy cost in column 5. Report the sum of columns 2 through 4 less column 5 as the Value of Assets Related to Defaulted Guaranteed Loans Receivable (column 6). For foreclosed property, see the instructions for section C. The sum of the amounts reported in column 6 of sections B, C, D, and E shall equal the amount reported on the Balance Sheet as credit program receivables and related foreclosed property, net.

F. Guaranteed Loans Outstanding. For each loan guarantee program, report in column 2 the outstanding principal of guaranteed loans at face value. In column 3, report the amount of this outstanding principal that is guaranteed.

G. Liability for Loan Guarantees. For each program with pre-1992 loan guarantees, report in column 2 the liability for losses. If the present value method is used to calculate the liability, report in column 2 the present value of liabilities for losses on pre-1992 guarantees. If the estimated future default claims method is used, report in column 2 the estimated future default claims. For each program with post-1991 loan guarantees, report in column 3 the present value of the estimated net cash flows (outflows less inflows) to be paid by the entity as a result of the loan guarantees. Report the total of columns 2 and 3 as total liabilities for loan guarantees (column 4).



H. Subsidy Expense for Post-1991 Direct Loans. Report the direct loan subsidy expense, consisting of the following, at present value, as follows:

1. Current Year's Direct Loans. In column 2, the present value of the amount of the subsidy expense attributable to the interest rate differential between the interest rate to be collected from the borrowers and the interest rate to be paid on funds borrowed to finance the loans; in column 3, the present value of the estimated delinquencies and defaults (net of recoveries); in column 4, the present value of the estimated fees collected (offsetting expense); in column 5, the present value of other cash flows, including prepayments and proceeds of loan asset sales; and in column 6, the total of columns 2 through 5.

2. Direct Loan Modifications and Reestimates. In column 2, the subsidy cost of modifications of direct loans previously disbursed (whether pre-1992 or post-1991); and in column 3, reestimates of the subsidy cost of direct loans previously disbursed.

3. Total Direct Loan Subsidy Expense. The total subsidy expense for current year's direct loans, modifications, and reestimates.

I. Subsidy Expense for Post-1991 Loan Guarantees.

Loan Guarantees. Report the loan guarantee subsidy expense consisting of the following present values:

1. Current Year's Loan Guarantees. In column 2, the present value of the estimated payments for delinquencies and defaults on loan guarantees (net of recoveries); in column 3, the present value of the estimated fees collected (offsetting expense); in column 4, the present value of the amount of the interest supplement; in column 5, the present value of other cash flows; and in column 6, the total of columns 2 through 5.

★2. Loan Guarantee Modification and Reestimates. In column 2, the subsidy cost of modifications of loan guarantees previously made (whether pre-1992 or post-1991); in column 3, the reestimates of the subsidy cost of loan guarantees previously made.

★3. Total Loan Guarantee Subsidy Expense. The total subsidy expense for current year's loan guarantees, modifications, and re-estimates.

J. Administrative Expense. Report the portions of salaries and other administrative expenses that have been accounted for in support of the direct loan programs and loan guarantee programs. Report the expenses for the individual programs, if material.

K. Other Information.

1. Provide other information related to direct loan and loan guarantee programs, as appropriate, including any commitments to guarantee, management's method for

accruing interest revenue and recording interest receivable, and management's policy for accruing interest on nonperforming loans.

★2. If modifications were made, explain the nature of the modifications, the discount rate used in calculating the expense, and the basis for recognizing a gain or loss related to the modification. Also, if appropriate, disclose that the subsidy expense resulting from reestimates that is included in the financial statements is not reported in the budget until the following year.

3. With respect to the foreclosed property reported in sections B, C, D, and E, the following information should be disclosed: changes from prior year's accounting methods, if any; restrictions on the use/disposal of the property; number of properties held and average holding period by type or category; and number of properties for which foreclosure proceedings are in process at the end of the period.

## 1008 NOTE 7. CASH AND OTHER MONETARY ASSETS

100801. Footnote Format.

<u>Note 7. Cash and Other Monetary Assets:</u> (\$ in Thousands)		
	Entity Assets	Non-Entity Assets
1. Cash	\$ xxx,xxx	\$ xxx,xxx
2. Foreign Currency	xxx,xxx	xxx,xxx
3. Other Monetary Assets	xxx,xxx	xxx,xxx
4. Total Cash, Foreign Currency, and Other Monetary Assets	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
5. Other Information:		

Figure 10-6

100802. Instructions.

A. Cash. The total of cash resources under the control of the reporting entity, which includes coin, paper currency, purchased foreign currency, negotiable instruments, and amounts on deposit in banks and other financial institutions. Cash available for agency use should include petty cash funds and other revolving funds, which will not be transferred into the general fund.

B. Foreign Currency. The total U.S. dollar equivalent of nonpurchased foreign currencies held in foreign currency fund accounts.

C. Other Monetary Assets. This amount represents other items including gold, special drawing rights, and U.S. Reserves in the International Monetary Fund. Any component of the "Other Monetary Assets" line that represents more than 10 percent of the total value that line shall be separately disclosed.

★D. Total Cash, Foreign Currency, and Other Monetary Assets. Entity cash equals line 1.D. of the balance sheet statement. Nonentity cash equals line 2.C. of the balance sheet statement.

E. Other Information. Disclose the value of Disbursing Officers (DO) cash included in nonentity assets. Disclose in "Other Information" any restricted cash. Restricted

cash includes holdings, which have not been transferred into the general fund as of the report date, which are unavailable for agency use (Non-Entity Cash). Restricted cash also includes cash held in escrow to pay property taxes and insurance for defaulted guaranteed loans. Disclose any restrictions on the use or conversions of cash denominated in foreign currencies; and the significant effects, if any, of exchange rate changes on the entity's financial position that occur after the end of the reporting period but before the issuance of financial statements. Disclose other information, as appropriate, such as the valuation rate for gold.

★1009 NOTE 8. INVENTORY AND RELATED PROPERTY, NET

★100901. Note 8. Summary of Inventory and Other Related Property, Net. Summary of the total amounts of inventories and other related property schedules in Note 8. (A.through F.). The summary total should agree with line 1.E. on the balance sheet statement.

<u>Note 8. Summary of Inventory and Other Related Property, Net:</u> (\$ in Thousands)	
	Amount
Inventory, Net (Note 8.A.)	\$ xxx,xxx
Operating Materials and Supplies, Net (Note 8.B.)	xxx,xxx
Stockpile Materials, Net (Note 8.C.)	xxx,xxx
Seized Property	xxx,xxx
Forfeited Property	xxx,xxx
Goods Held Under Price Support and Stabilization Programs	xxx,xxx
Total	<u>\$ x,xxx,xxx</u>

Figure 10-7

★100902. Note 8.A. Inventory and Other Related Property, Net.★A. Footnote Format.

Note 8.A. Inventory, Net:  
(\$ in Thousands)

	(1)	(2)	(3 )	(4)
	Inventory Amount	Allowance for Gains (Losses)	Inventory, Net	Valuation Method
1. Inventory Categories:				
a. Available and Purchased For Resale	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	
b. Held in Reserve For Future Sale	xxx,xxx	xxx,xxx	xxx,xxx	
c. Held for Repair	xxx,xxx	xxx,xxx	xxx,xxx	
d. Excess, Obsolete, and Unservicable	xxx,xxx	xxx,xxx	xxx,xxx	
e. Raw Materials	xxx,xxx	xxx,xxx	xxx,xxx	
f. Work in Process	xxx,xxx	xxx,xxx	xxx,xxx	
g. Total	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	
2. Restrictions on Inventory Use, Sale, or Disposition:				
3. Other Information:				
Legend: Valuation Methods				
LAC = Latest Acquisition Cost		NRV = Net Realizable Value		
SP = Standard Price		O = Other		
AC = Actual Cost				

Figure 10-8

★B. Instructions.

★1. Valuation. For each category of inventory, disclose the reported value (column 1), the allowance for gains/losses on inventory, if any (column 2), the net book value of the inventory (column 1 plus column 2), and the method used to value the inventory (column 4). The amounts identified in column 2, Allowance for Gains (Losses) in inventory represents the adjustment to the recorded value in column 1 that is required to arrive at historical cost (column 3). Use the following keys for column 4 as follows: LAC = Latest Acquisition Cost, SP = Standard Price, AC = Actual Cost, NRV = Net Realizable Value, or O = Other.

★2. Restrictions. Describe any restrictions on the use, sale or disposition of inventory. Disclose any restrictions on disposition of inventory as related to environmental or other liabilities.

★3. Inventory Held in Reserve for Future Sale. Inventory Held in Reserve for Future Sale consists of stocks maintained because they are not readily available in the market or because there is more than a remote chance they eventually will be needed. In the DoD these are principal and secondary items in inventory, except for ammunition, that are stratified in logistic reports as Economic Retention Stock and Contingency Retention Stock. Integrated Material Managers may retain stock up to the sum of the Approved Acquisition Objective, Economic Retention Stock, and Contingency Retention Stock. Economic Retention Stock is stock above the Approved Acquisition Objective that is more economical to retain than to dispose of. The methodology recommended by the DoD Materiel Management Regulation to set the maximum Economic Retention Stock level for an item is one based on an economic analysis that balances the costs of retention and the costs of disposal. Factors suggested for consideration by the DoD Components in an economic analysis of retaining item stocks are the potential long term demand for the item; potential repurchase costs; and, for items essential to the operation of a weapon system, the expected life of the system and the number of systems in use. Contingency Retention Stock is stock above the Approved Acquisition Objective and above the Economic Retention Stock level, if one exists, that is held to support specific contingencies. The DoD Components identify Contingency Retention Stock according to these categories: (1) Military contingency: Assets needed to meet military contingencies for U.S. Forces; (2) Potential security assistance: Assets held in expectation of foreign military demand under U.S. security assistance; (3) General contingency: Assets based on potential usefulness, for extreme procurement problems, or other special considerations involving nonmilitary contingencies, such as civil emergencies or natural disaster relief.

★4. Other Information. Disclose on line 3. "Other Information:" the general composition of inventory and the basis for determining inventory values, including any cost flow assumptions. Disclose changes from the prior year's accounting method, if any. The decision criteria for identifying the category to which inventory is assigned and changes in the criteria for identifying the category to which inventory is assigned. Disclose other required information relative to inventory not disclosed in Parts 1. or 2. of Note 8.A. In addition, disclose any amount included in inventory work in process that represents work in process at depot maintenance activities. The work in process at depot maintenance activities had to be recorded as Inventory work in process because the U.S. Government Standard General Ledger (USGSGL) does not contain an account for work in process that is not inventory. Due to this classification obstacle, include the following language in the other information section: "The amount reported as inventory work in process includes work in process at the depot maintenance activities. The work in process at the depot maintenance activities had to be recorded as inventory work in process because the U.S. Government Standard General Ledger does not contain an account for work in process that is not inventory."

★100903. Note 8.B. Operating Materials and Supplies (OM&S), Net.★A. Footnote Format.

<u>Note 8.B. Operating Materials and Supplies (OM&amp;S), Net:</u> (\$ in Thousands)				
	(1)	(2)	(3 )	(4)
	<u>OM&amp;S Amount</u>	<u>Allowance for Gains (Losses)</u>	<u>OM&amp;S, Net</u>	<u>Valuation Method</u>
1. OM&S Categories:				
a. Held for Use	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	
b. Held in Reserve For Future Use	xxx,xxx	xxx,xxx	xxx,xxx	
c. Excess, Obsolete, and Unserviceable	xxx,xxx	xxx,xxx	xxx,xxx	
d. Total	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	
2. Restrictions on operating materials and supplies:				
3. Other Information:				
Legend: Valuation Methods				
LAC = Latest Acquisition Cost		NRV = Net Realizable Value		
SP = Standard Price		O = Other		
AC = Actual Cost				

Figure 10-9

B. Instructions.

★1. Valuation. For each category of OM&S, disclose the reported value (column 1), the allowance for gains (losses) on OM&S, if any (column 2), the net book value of OM&S (column 1 plus column 2), and the method used to value OM&S (column 4). The amounts identified in column 2 allowance for gains and losses in OM&S represents the adjustment to the recorded value in column 1 that is required to arrive at historical cost (column 3). Use the following keys for column 4 as follows: LAC = Latest Acquisition Cost, SP = Standard Price, AC = Actual Cost, NRV = Net Realizable Value, or O = Other.

2. Restrictions. Describe any restrictions on the use, sale or disposition of OM&S.

3. Other Information. Disclose on line 3. "Other Information:" the general composition of operating materials and supplies and the basis for determining operating materials and supplies values, including the valuation method and any cost flow assumptions. The decision criteria for identifying the category to which operating materials and supplies are assigned and changes in the criteria for identifying the category to which operating materials are

assigned. Disclose other information relative to OM&S not disclosed in Parts 1. or 2. of Note 8.B. Under other information, disclose the value of ammunition, munitions, and war reserves that are treated as OM&S. Also, disclose the method of accounting for the recognition of expenses that was applied for operating materials and supplies. In addition, disclose any amount of work in process at depot maintenance activities that was included as inventory work in process because the USGSL does not contain an account for work in process that is not inventory. Due to this classification obstacle, include the following language in the other information section: "Work in process at depot maintenance activities is included as inventory work in process in Note 8A because the U.S. Government Standard General Ledger does not contain an account for work in process that is not inventory."

100904. Note 8.C. Stockpile Materials, Net.

★A. Footnote Format.

<u>Note 8.C. Stockpile Materials, Net:</u> (\$ in Thousands)				
	(1)	(2)	(3 )	(4)
	<u>Stockpile Materials Amount</u>	<u>Allowance for (Losses)</u>	<u>Stockpile Materials, Net</u>	<u>Valuation Method</u>
1. Stockpile Materials:				
a. Held for Sale*	\$ xxx,xxx	(\$ xxx,xxx)	\$ xxx,xxx	
b. Held in Reserve for Future Sale	<u>xxx,xxx</u>	<u>(xxx,xxx)</u>	<u>xxx,xxx</u>	
Total	<u><u>\$ xxx,xxx</u></u>	<u><u>(\$ xxx,xxx)</u></u>	<u><u>\$ xxx,xxx</u></u>	
2. Restrictions on stockpile materials and supplies:	_____			
_____				
3. Other Information:	_____			
_____				
* Not held for sale in the normal course of business				
Legend: Valuation Methods				
LAC = Latest Acquisition Cost		NRV = Net Realizable Value		
SP = Standard Price		O = Other		
AC = Actual Cost				

Figure 10-10



B. Instructions.

1. Composition and Valuation. Explain the general composition of stockpile materials. Disclose the basis for valuing stockpile materials, including the valuation method. Use the following keys for column 4 as follows: LAC = Latest Acquisition Cost, SP = Standard Price, AC = Actual Cost, NRV = Net Realizable Value, or O = Other. Note: Column (2) is to be used only when stockpile materials are not valued at historical cost.

2. Disclosure. For each category of Stockpile Materials, disclose the reported value (column 1), the allowance for losses on stockpile materials, if any (column 2), the net book value of stockpile materials (column 1 plus column 2), and the method used to value the stockpile materials (column 4). This category of inventory reserved for use exclusively by the National Defense Stockpile Transaction Fund within the DoD.

3. Restrictions. Describe any restrictions on the use, sale or disposition of stockpile materials.

★4. Other Information. Disclose on line 3. “Other Information:” the (1) decision criteria for any stockpile materials held for sale, (2) changes in prior year accounting methods, (3) differences between the carrying amount of stockpile materials held for sale and their estimated selling price, and (4) cost flow assumptions used for valuing.

★100905. Note 8.D. Seized Property. Normally not applicable for DoD reporting entities. If applicable follow the OMB Number 97-01, Form and Content of Agency Financial Statements, October 30, 1996, Note 8. Inventory and Related Property, Seized Property – Required Disclosures, page 59.

★100906. Note 8.E. Forfeited Property, Net. Normally not applicable for DoD reporting entities. If applicable follow the OMB Bulletin Number 97-01, Form and Content of Agency Financial Statements, October 30, 1996, Note 8. Inventory and Related Property, Forfeited Property – Required Disclosures, page 59.

★100907. Note 8.F. Goods Held Under Price Support and Stabilization Programs, Net. Normally not applicable for DoD reporting entities. If applicable follow the OMB Bulletin Number 97-01, Form and Content of Agency Financial Statements, October 30, 1996, Note 8. Inventory and Related Property, Goods Held Under Price Support and Stabilization Programs, page 60.

## ★1010 NOTE 9. GENERAL PROPERTY, PLANT, AND EQUIPMENT (PP&amp;E), NET

★101001. Footnote Format.

<u>Note 9. General (PP&amp;E), Net:</u> (\$ in Thousands)					
	(1)	(2)	(3 )	(4)	(5)
	<u>Depreciation/ Amortization Method</u>	<u>Service Life</u>	<u>Acquisi- tion Value</u>	<u>(Accumulated Depreciation/ Amortization)</u>	<u>Net Book Value</u>
1. Major Asset Classes					
a. Land	N/A	N/A	\$ xxx,xxx	N/A	\$ xxx,xxx
b. Buildings, Structures, and Facilities	S/L	20 or 40			
c. Leasehold Improvements	S/L	Lease Term 2 to 5 or 10	xxx,xxx xxx,xxx	(\$ xxx,xxx) (xxx,xxx)	xxx,xxx
d. ADP Software	S/L	10			xxx,xxx
e. Equipment	S/L	5 or 10	xxx,xxx	(xxx,xxx)	xxx,xxx
f. Assets Under Capital Lease <sup>1</sup>	S/L	Lease Term	xxx,xxx	(xxx,xxx)	xxx,xxx
g. Construction-in- Progress	N/A	N/A	xxx,xxx	N/A	xxx,xxx
h. Other			xxx,xxx	xxx,xxx	xxx,xxx
i. Total			<u>\$ xxx,xxx</u>	<u>(\$ xxx,xxx)</u>	<u>\$ xxx,xxx</u>
2. Other Information: _____					
1. See Figure 10-12 and Note 13 part 5 for additional information on Capital Leases					

Figure 10-11

★101002. Instructions. Report the following information for each major class of General PP&E (rows a – g above):

★A. Column 1. Report the depreciation/amortization method used: SL = Straight Line or O = Other. Explain in the note to the principal statements any other depreciation/amortization method used. See Under Secretary of Defense (Comptroller) (USD(C)) memorandum, dated October 22, 1998, subject “Revised Policy for the Depreciation of DoD General Property, Plant, and Equipment Assets” for additional guidance on the exception to the straight line method of depreciation allowed for DWCF activities.

★B. Column 2. Report the range of service useful lives by Major Asset Class. (e.g., 5 or 10 years, or 20 or 40 years) based on the DoD Standard Recovery Periods.

★C. Column 3. Report acquisition costs by Major Asset Class.

★1. For assets under capital lease, report the lesser of the present value (using either the lessor's implicit rate or the Treasury borrowing rate) of the rental or other lease payments during the lease term, excluding that portion of the payments representing executory costs paid to the lessor, or the fair value. Capital lease amounts reported must be identified as "Covered by Budgetary Resources" and "Not Covered by Budgetary Resources."

★2. For the Other major asset class, separately disclose any material amounts. Material is defined as any component of Other that represents more than 10 percent of the value of the line.

★D. Column 4. Report the accumulated depreciation/amortization, including the current reporting period depreciation, by Major Asset Class.

★E. Column 5. Report the net book value of each Major Asset Class, (acquisition cost less accumulated depreciation/amortization) column 3 plus column 4. The computation is a plus given that accumulated depreciation/amortization is usually a credit (negative) balance. The total of this column shall agree with the amounts on line 1.F. of the Balance Sheet.

★F. "Other Information." The DoD Components shall not supplement their General PP&E information with values from the Contract Property Management System (CPMS)(SF 1662) data base. Rather, the DoD Components shall include the following statement verbatim in the Other Information section of Note 9, General PP&E:

The value of DoD (replace DoD with Army, Navy or Air Force, as applicable) General Property, Plant and Equipment (GPP&E) real property in the possession of contractors is included in the values reported above for the Major Classes of Land and Structures, Facilities, and Leasehold Improvements. The value of GPP&E personal property (Major Classes of ADP Software and Equipment) in the possession of contractors is not included in the values reported above. The Department of Defense presently is reviewing its process for reporting these amounts in an effort to determine the best method to annually collect this information. However, preliminary results of the Department's review have indicated that the value of non-fully depreciated GPP&E personal property in the possession of contractors that would be reported on the DoD (replace DoD with Army, Navy or Air Force, as applicable) financial statements is immaterial in relation to the Department's total assets.

In addition disclose on line 2 information relative to Component General PP&E, such as the nature and extent of significant amounts of assets that are reported at zero or nominal value, restrictions on the use or convertibility of General PP&E (i.e., Outside the Continental United States (OCONUS) real property), capitalization threshold, and adjustments resulting from changes in accounting standards. If the acquisition cost is unknown for certain types or significant amounts of General PP&E, the DoD Components must disclose the valuation method used. The Department has major efforts underway to value its general PP&E. If these efforts are completed and result in either (1) the validation of the recorded costs, (2) adjustments to the recorded costs, or (3) a statistically derived total cost amount, such results shall be disclosed in sufficient detail to provide an understanding of the method used to determine the amounts reported. However, if the efforts are not completed in time to report the General PP&E cost

amounts in FY 1999, the applicable DoD Component(s) shall disclose that such efforts are ongoing and should be completed for FY 2000 reporting and are expected to result in reasonably accurate property amounts.

★101003. Note 9.A. Asset Under Capital Lease.

A. Footnote Format.

Note 9.A. Assets Under Capital Lease:

(\$ in Thousands)

ENTITY AS LESSEE:

1. Capital Leases:

a. Summary of Assets Under Capital Lease:	\$ x,xxx,xxx
Land and Buildings	\$ x,xxx,xxx
Machinery and Equipment	\$ x,xxx,xxx
Other	\$ x,xxx,xxx
Accumulated Amortization	\$ x,xxx,xxx

b. Description of Lease Arrangements: \_\_\_\_\_  
\_\_\_\_\_

Figure 10-12

B. Instructions. SFFAS No. 6 provides the criteria for asset recognition with respect to capital leases.

1. Summary of Assets Under Capital Lease. Enter the gross assets under capital lease, by major category of asset and the total accumulated amortization.

2. Description of Lease Arrangements. Provide information that would disclose the level of the agency's funding commitments including, but not limited to, the major asset categories and such lease terms as the existence and terms of renewal options, escalation clauses, restrictions imposed by lease agreements, contingency rentals, and the amortization period.

★1011 NOTE 10. RESERVED FOR FUTURE USE★1012 NOTE 11. DEBT101201. Footnote Format.

<u>Note 11. Debt:</u> (\$ in Thousands)			
	<u>Beginning Balance</u>	<u>Net Borrowing</u>	<u>Ending Balance</u>
1. Public Debt:			
a. Held by Government Accounts	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
b. Held by the Public	xxx,xxx	xxx,xxx	xxx,xxx
c. Total Public Debt	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
2. Agency Debt:			
a. Debt to the Treasury	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
b. Debt to the Federal Financing Bank	xxx,xxx	xxx,xxx	xxx,xxx
c. Debt to Other Federal Agencies	xxx,xxx	xxx,xxx	xxx,xxx
d. Held by the Public	xxx,xxx	xxx,xxx	xxx,xxx
e. Total Agency Debt	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
3. Total Debt	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
4. Classification of Debt			
a. Intragovernmental Debt			\$ xxx,xxx
b. Governmental Debt			xxx,xxx
c. Total Debt			<u>\$ xxx,xxx</u>
5. Funding of Debt			
a. Covered By Budgetary Resources			\$ xxx,xxx
b. Not Covered By Budgetary Resources			\$ xxx,xxx
c. Total Debt			<u>\$ xxx,xxx</u>
6. Other Information:			

Figure 10-13

101202. Instructions.

A. Identity. Line 1, Public Debt, shall be reported by the Treasury Department only and shall distinguish between public debt held by government agencies and public debt held by the public. Line 2.a. shall report the amount of debt owed to the Treasury, which includes direct loan and guaranteed loan financing account liabilities to Treasury as well as other debt owed to Treasury. Line 2.b. shall report the amount of debt owed to the Federal

Financing Bank. Line 2.c. shall report the amount of debt owed to other federal agencies. The sum of Balance Sheet lines 4.A.2. and 5.A.2. shall equal the sum of the amounts on line 3 “Total Debt” of this note.

★B. Classification of Debt. Report as intragovernmental debt all debt owed to Treasury, the Federal Financing Bank or other federal agencies or accounts (lines 2.a., 2.b., and 2.c.) This amount shall equal the intragovernmental debt amount reported on line 4.A.2. and 5.A.2. of the balance sheet.

C. Other Information. The total debt covered by budgetary resources and the total debt not covered by budgetary resources must be disclosed. In addition, provide the names of the agencies, other than Treasury or the Federal Financing Bank, to which intragovernmental debt is owed and the amounts. Provide other information relative to debt (e.g., redemption or call of debts owed to the public before maturity dates, write-offs of debts owed to the U. S. Treasury or the Federal Financing Bank).

★1013 NOTE 12. ENVIRONMENTAL LIABILITIES

★101301. Footnote Format.

<u>Note 12.A. Environmental Liabilities Covered by Budgetary Resources</u> (\$ in Thousands)			
	<u>Current Liability</u>	<u>Noncurrent Liability</u>	<u>Total</u>
1. Intragovernmental			
a. Accrued Restoration Costs			
(1) Active Installations	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
(2) BRAC Installations	xxx,xxx	xxx,xxx	xxx,xxx
(3) Formerly Used Defense Sites (FUDS)	xxx,xxx	xxx,xxx	xxx,xxx
b. Other Environmental Liabilities			
(1) Nuclear Powered Aircraft Carriers	xxx,xxx	xxx,xxx	xxx,xxx
(2) Nuclear Powered Submarines	xxx,xxx	xxx,xxx	xxx,xxx
(3) Other Nuclear Powered Ships	xxx,xxx	xxx,xxx	xxx,xxx
(4) Other National Defense Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(5) Chemical Weapons Disposal	xxx,xxx	xxx,xxx	xxx,xxx
(6) Conventional Munitions Disposal	xxx,xxx	xxx,xxx	xxx,xxx
(7) Training Ranges	xxx,xxx	xxx,xxx	xxx,xxx
(8) Other	xxx,xxx	xxx,xxx	xxx,xxx
c. Total	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>

Figure 10-14

2. With the Public			
a. Accrued Restoration Costs			
(1) Active Installations	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
(2) BRAC Installations	xxx,xxx	xxx,xxx	xxx,xxx
(3) Formerly Used Defense Sites (FUDS)	xxx,xxx	xxx,xxx	xxx,xxx
b. Other Environmental Liabilities			
(1) Nuclear Powered Aircraft Carriers	xxx,xxx	xxx,xxx	xxx,xxx
(2) Nuclear Powered Submarines	xxx,xxx	xxx,xxx	xxx,xxx
(3) Other Nuclear Powered Ships	xxx,xxx	xxx,xxx	xxx,xxx
(4) Other National Defense Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(5) Chemical Weapons Disposal	xxx,xxx	xxx,xxx	xxx,xxx
(6) Conventional Munitions Disposal	xxx,xxx	xxx,xxx	xxx,xxx
(7) Training Ranges	xxx,xxx	xxx,xxx	xxx,xxx
(8) Other	xxx,xxx	xxx,xxx	xxx,xxx
c. Total	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>
★3. Other Information: _____			
_____			
_____			
_____			

Figure 10-14 (cont.)

<u>Note 12.B. Environmental Liabilities Not Covered by Budgetary Resources</u> <u>(\$ in Thousands)</u>			
	<u>Current Liability</u>	<u>Noncurrent Liability</u>	Total
1. Intragovernmental			
a. Accrued Restoration Costs			
(1) Active Installations	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
(2) BRAC Installations	xxx,xxx	xxx,xxx	xxx,xxx
(3) Formerly Used Defense Sites (FUDS)	xxx,xxx	xxx,xxx	xxx,xxx
b. Other Environmental Liabilities			
(1) Nuclear Powered Aircraft Carriers	xxx,xxx	xxx,xxx	xxx,xxx
(2) Nuclear Powered Submarines	xxx,xxx	xxx,xxx	xxx,xxx

Figure 10-15

(3) Other Nuclear Powered Ships	xxx,xxx	xxx,xxx	xxx,xxx
(4) Other National Defense Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(5) Chemical Weapons Disposal	xxx,xxx	xxx,xxx	xxx,xxx
(6) Conventional Munitions Disposal	xxx,xxx	xxx,xxx	xxx,xxx
(7) Training Ranges	xxx,xxx	xxx,xxx	xxx,xxx
(8) Other	xxx,xxx	xxx,xxx	xxx,xxx
Total	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>
2. With the Public			
a. Accrued Restoration Costs			
(1) Active Installations	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
(2) BRAC Installations	xxx,xxx	xxx,xxx	xxx,xxx
(3) Formerly Used Defense Sites (FUDS)	xxx,xxx	xxx,xxx	xxx,xxx
b. Other Environmental Liabilities			
(1) Nuclear Powered Aircraft Carriers	xxx,xxx	xxx,xxx	xxx,xxx
(2) Nuclear Powered Submarines	xxx,xxx	xxx,xxx	xxx,xxx
(3) Other Nuclear Powered Ships	xxx,xxx	xxx,xxx	xxx,xxx
(4) Other National Defense Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(5) Chemical Weapons Disposal	xxx,xxx	xxx,xxx	xxx,xxx
(6) Conventional Munitions Disposal	xxx,xxx	xxx,xxx	xxx,xxx
(7) Training Ranges	xxx,xxx	xxx,xxx	xxx,xxx
(8) Other	xxx,xxx	xxx,xxx	xxx,xxx
Total	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>
Other Information: _____			
_____			
_____			

Figure 10-15 (cont.)

★101302 Instructions.

★A. Intragovernmental Versus Public. Environmental cleanup costs shall be reported as intragovernmental if it is known that the reporting entity will be billed by another federal entity for the cost of the clean up. If it is not known at the balance sheet date who will conduct the clean up or if the reporting entity will be billed by a contractor, then the environmental cleanup costs shall be classified as public.

★B. Accrued Restoration Costs. Accrued restoration (cleanup) liabilities represent the cost to correct environmental problems that were created in the past. These liabilities relate to PP&E, including acquired land, and Stewardship Land, as those major asset



categories are described in Chapter 6 of Volume 4 of this Regulation. Environmental restoration activities may be conducted at operating installations, base realignment, and closure (BRAC) installations, or at formerly used defense sites, in accordance with applicable statutes and implementing regulations. Environmental restoration measurements involve the use of cost estimates that consider, on a current cost basis, the anticipated costs of the level of effort required to affect the restoration, as well as, applicable legal and/or regulatory requirements. Such cost estimates should be based on the current technology available. Site inventory and estimated cost data prepared for the Defense Environmental Restoration Program Report to Congress shall be used by the DoD Components as the baseline for environmental restoration (cleanup) liability measurement (e.g., the current cost to acquire the required services). Refer to Section G of the document titled, "Management Guidance for the Defense Environmental Restoration Program," and "Accrued Environmental Restoration (Cleanup) Liabilities," Chapter 14 of Volume 4 of this Regulation, (located at the following Internet address: [http://www.dtic.mil/comptroller/fmr/04/04\\_14.pdf](http://www.dtic.mil/comptroller/fmr/04/04_14.pdf)) for further guidance. The estimated liability may be a specific amount or a range of amounts. If some amount within the range is considered a better estimate than any other estimate, that amount should be used. If no amount within a range is considered a better estimate than the other estimates, then the minimum amount in the range should be used, and the range disclosed. Current and noncurrent amounts reported must be identified as "Covered by Budgetary Resources" and "Not Covered by Budgetary Resources."

★C. Other Environmental Liabilities. Other environmental liabilities relate to the final disposition of property, structures, equipment, munitions, and weapons. It also includes the preservation and management of training ranges at active installations. Any component of the other environmental liabilities line that represents more than 10 percent of the value of the line shall be separately disclosed. Disposal measurements involve the use of cost estimates that consider, on a current cost basis, the anticipated level of effort required to dispose of the item, as well as the cost of complying with associated legal and/or regulatory requirements. Such cost estimates should be based on the current disposal or reuse technologies available. Cost estimates prepared in accordance with the guidance in Chapter 13 of Volume 4 of this Regulation, "Accrued Environmental and Nonenvironmental Disposal Cost Liabilities," (located at the following Internet address: [http://www.dtic.mil/comptroller/fmr/04/04\\_13.pdf](http://www.dtic.mil/comptroller/fmr/04/04_13.pdf)) shall be used by the DoD Components as the baseline for other environmental liability measurement. The estimated liability may be a specific amount or a range of amounts. If some amount within a range is considered a better estimate than any other estimate, that amount should be used for liability recognition. If no amount within a range is considered a better estimate than the other estimates, then the minimum amount in the range should be used, and the range disclosed. Current and noncurrent amounts reported must be identified as "Covered by Budgetary Resources" and "Not Covered by Budgetary Resources."

★D. Disclosure Requirements. Disclose environmental cleanup cost information in accordance with SFFAS No. 5 and SFFAS No. 6. Include the: (1) sources of cleanup requirements; (2) method for assigning estimated total cleanup costs to current operating periods; (3) unrecognized portion of estimated total cleanup cost associated with general PP&E; (4) material changes in total estimated cleanup costs due to changes in laws, technology, or plans, and the portion of the change in estimate that relates to prior period operations; and (5) nature of

estimates and the disclosure of information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations. Include all environmental liabilities not included elsewhere on the statement. Provide other information necessary for understanding Environmental cleanup liabilities.

★E. Definitions. While some categories of Other Environmental Liabilities in Note 12 are self-explanatory (nuclear powered aircraft carriers, submarines, and other ships), the definitions below are provided for clarity and consistency of reporting:

1. Other National Defense Weapon Systems. Includes other National Defense weapons systems disposal liabilities associated with hazardous materials that are not otherwise appropriately categorized in a Note 12 line item. This includes environmental liabilities associated with other National Defense weapons systems items reported in the Required Supplementary Stewardship Information. Include in the narrative disclosure, information on the components and amounts that are included in this Other National Defense Weapon System line item. Any component of this line that represents more than 10 percent of the total of the line shall be separately disclosed. The definition of a weapon system is a combination of one or more weapons with all related equipment, materials, services, personnel and means of delivery and deployment (if applicable) required for self-sufficiency.

2. Chemical Weapons Disposal. Includes types of weapons, the filler of which is primarily a chemical agent. The Army, as executive agent for the disposal of chemical weapons will compile this liability amount and provide the information for reporting in the DoD agency-wide financial statement as part of the Treasury Index Other Defense Organizations General Funds.

3. Conventional Munitions Disposal. Includes weapons which are neither nuclear, biological, nor chemical.

4. Other Asset Disposal. Includes all other environmental liabilities not otherwise applicable to the categories identified in Note 12. However, this category requires disclosure in a narrative format to Note 12 which specifically identifies both a description of similar groups of items included and the liability amount for each grouping. In addition, if any component of this line represents more than 10 percent of the balance of the line, that component shall be separately disclosed.

## ★1014 NOTE 13. OTHER LIABILITIES

## ★101401. Footnote Format Note 13. Parts 1 Through 4.

Note 13. OTHER LIABILITIES: (\$ in Thousands)			
1. Other Liabilities Covered by Budgetary Resources:			
	Current Liability	Noncurrent Liability	Total
a. Intragovernmental			
(1) Advances from Others	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
(2) Deferred Credits	xxx,xxx	xxx,xxx	xxx,xxx
(3) Deposit Funds and Suspense Account Liabilities	xxx,xxx	xxx,xxx	xxx,xxx
(4) Liability for Borrowings to be Received	xxx,xxx	xxx,xxx	xxx,xxx
(5) Liability for Subsidy Related to Undisbursed Loans	xxx,xxx	xxx,xxx	xxx,xxx
(6) Resources Payable to Treasury	xxx,xxx	xxx,xxx	xxx,xxx
(7) Disbursing Officer Cash	xxx,xxx	xxx,xxx	xxx,xxx
★(8) Nonenvironmental Disposal Liabilities			
(a) Nuclear Powered Aircraft Carriers	xxx,xxx	xxx,xxx	xxx,xxx
(b) Nuclear Powered Submarines	xxx,xxx	xxx,xxx	xxx,xxx
(c) Other Nuclear Powered Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(d) Other National Defense Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(e) Conventional Munitions	xxx,xxx	xxx,xxx	xxx,xxx
(9) Other Liabilities	xxx,xxx	xxx,xxx	xxx,xxx
Total	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
b. With the Public			
(1) Accrued Funded Payroll and Benefits	xxx,xxx	xxx,xxx	xxx,xxx
(2) Advances from Others	xxx,xxx	xxx,xxx	xxx,xxx
(3) Deferred Credits	xxx,xxx	xxx,xxx	xxx,xxx
(4) Deposit Funds and Suspense Accounts	xxx,xxx	xxx,xxx	xxx,xxx
(5) Temporary Early Retirement Authority	xxx,xxx	xxx,xxx	xxx,xxx
★(6) Nonenvironmental Disposal Liabilities			
(a) Nuclear Powered Aircraft Carriers	xxx,xxx	xxx,xxx	xxx,xxx

Figure 10-16

(b) Nuclear Powered Submarines	xxx,xxx	xxx,xxx	xxx,xxx
(c) Other Nuclear Powered Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(d) Other National Defense Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(e) Conventional Munitions	xxx,xxx	xxx,xxx	xxx,xxx
(7) Other Liabilities	xxx,xxx	xxx,xxx	xxx,xxx
Total	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
2. Other Information: _____			
3. Other Liabilities Not Covered by Budgetary Resources:			
	<u>Current Liability</u>	<u>Noncurrent Liability</u>	<u>Total</u>
a. Intragovernmental			
(1) Accounts Payable--Canceled Appropriations	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
(2) Custodial Liability	xxx,xxx	xxx,xxx	xxx,xxx
(3) Deferred Credits	xxx,xxx	xxx,xxx	xxx,xxx
(4) Liability for Borrowings to be Received	xxx,xxx	xxx,xxx	xxx,xxx
(5) Other Actuarial Liabilities	xxx,xxx	xxx,xxx	xxx,xxx
(6) Judgement Fund Liabilities	<u>xxx,xxx</u>	<u>xxx,xxx</u>	<u>xxx,xxx</u>
(7) Workman's Compensation Reimbursement	<u>xxx,xxx</u>	<u>xxx,xxx</u>	<u>xxx,xxx</u>
★(8) Nonenvironmental Disposal Liabilities			
(a) Nuclear Powered Aircraft Carriers	xxx,xxx	xxx,xxx	xxx,xxx
(b) Nuclear Powered Submarines	xxx,xxx	xxx,xxx	xxx,xxx
(c) Other Nuclear Powered Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(d) Other National Defense Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(e) Conventional Munitions	xxx,xxx	xxx,xxx	xxx,xxx
(9) Other Liabilities	<u>xxx,xxx</u>	<u>xxx,xxx</u>	<u>xxx,xxx</u>
Total	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
b. With the Public	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
(1) Account Payable Canceled	xxx,xxx	xxx,xxx	xxx,xxx
(2) Accrued Unfunded Liabilities	xxx,xxx	xxx,xxx	xxx,xxx
(3) Accrued Unfunded Annual Leave	xxx,xxx	xxx,xxx	xxx,xxx
(4) Accrued Entitlement Benefits for Military Retirees and Survivors	xxx,xxx	xxx,xxx	xxx,xxx
(5) Deferred Credits	xxx,xxx	xxx,xxx	xxx,xxx
★(6) Nonenvironmental Disposal Liabilities			

Figure 10-16 (Cont.)

(a) Nuclear Powered Aircraft Carriers	xxx,xxx	xxx,xxx	xxx,xxx
(b) Nuclear Powered Submarines	xxx,xxx	xxx,xxx	xx,xxx
(c) Other Nuclear Powered Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(d) Other National Defense Weapon Systems	xxx,xxx	xxx,xxx	xxx,xxx
(e) Conventional Munitions	xxx,xxx	xxx,xxx	xxx,xxx
(6) Other Liabilities	xxx,xxx	xxx,xxx	xxx,xxx
Total	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
4. Other Information: _____			
_____			

Figure 10-16 (cont.)

101402. Instructions.

★A. Other Liabilities Covered by Budgetary Resources. Include all other liabilities not included elsewhere on the statement. Separately report other liabilities covered by budgetary resources and those not covered by budgetary resources, and separately disclose the current portion of other liabilities covered by budgetary resources. Sections 1 and 2 of Note 13 will be used to disclose “Other Liabilities Covered by Budgetary Resources.” The total amount disclosed as “Other Liabilities Covered by Budgetary Resources” should equal the total of lines 4.A.4. and 4.E. of the balance sheet. Provide other information necessary for understanding other liabilities.

★1. Contingent Liabilities Included on Balance Sheet. Contingent Liabilities are reported on the Other Liabilities line if all of the following conditions are met: (1) a past event or exchange transaction has occurred, (2) a future outflow or other sacrifice of resources is probable, and (3) the future outflow or sacrifice of resources is measurable.

a. Report the dollar amount of the probable loss.

b. If a specific dollar amount of the loss is not known, but a range of amounts is known, then report the low end of the range and disclose the range on line 2.

★2. Information Disclosed and Not Included on the Balance Sheet. A contingent liability should be disclosed if one or two of the conditions for liability recognition identified in paragraph 101402.B.1. above are met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred. These liabilities may involve individual or aggregated cases of pending, threatened, or potential litigation.

a. Disclose specific amounts or ranges of losses that are reasonably possible.

b. Disclose the fact that an amount or range of amounts cannot be determined. In addition, the entity should disclose the nature of the contingency and an estimate of the obligations related to canceled appropriations for which the reporting entity has a contractual commitment for payment.

★3. Temporary Early Retirement Authority. Report the amount of temporary early retirement liability that has been incurred. In Column 1 identify the amount to be paid during the year following the reporting FY. In the noncurrent column report the balance.

★4. Other Information. Provide other information relevant to other liabilities that is not disclosed in the above categories.

★B. Other Liabilities Not Covered by Budgetary Resources. Include all other liabilities not included elsewhere on the statement. Separately disclose the current portion of other liabilities not covered by budgetary resources. Sections 3 and 4 will be used to disclose “Other Liabilities Not Covered by Budgetary Resources.” The total amount disclosed as “Other Liabilities Not Covered by Budgetary Resources” should equal the total of lines 5.A.4. and 5.E. of the balance sheet. Provide other information necessary for understanding other liabilities.

★1. Other Actuarial Liabilities. Includes actuarial liabilities not addressed on lines 4.C. and 5.C. of the Balance Sheet. Any component of the Other Actuarial Liability that represents more than 10 percent of the value of the line shall be separately disclosed.

★2. Judgement Fund Liabilities. Relates to the Department’s reimbursement to the Judgement Fund for claims paid by the Judgement Fund related to DoD.

★3. Workman’s Compensation Reimbursement. Related to the Department’s reimbursement to the Department of Labor for estimated actuarial liabilities for future workers’ compensation benefits.

★4. Contingent Liabilities Included on the Balance Sheet. Contingent Liabilities amounts are reported on the “Other Liabilities” line of the Balance Sheet if all of the following conditions are met: (1) a past event or exchange transaction has occurred, (2) a future outflow or other sacrifice of resources is probable, and (3) the future outflow or sacrifice of resources is measurable.

a. Report the dollar amount of the probable loss.

b. If a specific dollar amount of the loss is not known, but a range of amounts is known, then report the low end of the range and disclose the range on line 2.

★5. Information Disclosed and Not Included on the Balance Sheet. A contingent liability should be disclosed if one or two of the 3 conditions for liability recognition identified in paragraph 101402.B.1. above are met and there is at least a reasonable possibility

that a loss or an additional loss may have been incurred. These liabilities may involve individual or aggregated cases of pending, threatened, or potential litigation.

a. Disclose specific amounts or ranges of losses that are reasonably possible.

b. Disclose the fact that an amount or range of amounts can not be determined. In addition, the entity should disclose the nature of the contingency and an estimate of the obligations related to canceled appropriations for which the reporting entity has a contractual commitment for payment.

★6. Other Information. Provide other information relevant to other liabilities that is not disclosed in the above categories.

★C. Nonenvironmental Disposal Liabilities. Nonenvironmental disposal (removal, transportation, demilitarization, and final dismantlement and disposal) liabilities relate to the final disposition of property, structures, equipment, munitions, nuclear powered assets (when distinguishable from environmental disposal), and to other national defense weapons systems. Nonenvironmental disposal liabilities do not include range preservation and management activities that are treated as environmental disposal. Disposal measurements involve the use of cost estimates that consider, on a current cost basis, the anticipated level of effort required to dispose of the item, and the current disposal or reuse technologies available. Cost estimates prepared in accordance with the guidance in Chapter 13 of Volume 4 of this Regulation, “Accrued Environmental and Nonenvironmental Disposal Cost Liabilities” (located at the following Internet address: [www.dtic.mil/comptroller/fmr/04/04\\_13.pdf](http://www.dtic.mil/comptroller/fmr/04/04_13.pdf)), shall be used by the DoD Components as the baseline for nonenvironmental disposal liability measurement. The estimated liability may be a specific amount or a range of amounts. If some amount within a range is considered a better estimate than any other estimate, that amount should be used for liability recognition. If not amount within a range is considered a better estimate than the other estimates, then the minimum amount in the range should be used. Current and noncurrent amounts reported must be identified as “Covered by Budgetary Resources” and “Not Covered by Budgetary Resources.”

1. Disclosure Requirements. Disclose any other information necessary for understanding the nature of the liabilities.

2. Definitions. While some categories of Nonenvironmental Disposal Liabilities in Note 13 are self explanatory, (e.g., nuclear powered aircraft carriers, submarines, and other ships), the definitions below are provided for clarity and consistent reporting.

a. ★Other National Defense Weapons Systems. Includes other National Defense weapons systems disposal liabilities that are not associated with the removal and disposal of hazardous materials that are not otherwise appropriately categorized in a Note 13 line item.

b. ★Conventional Munitions Disposal. Includes weapons which are neither nuclear, biological, nor chemical.

c. ★Other Asset Disposal. Includes all other nonenvironmental liabilities not otherwise applicable to the categories identified in Note 13. However, this category requires disclosure in a narrative format to Note 13, which specifically identifies both a description of similar groups of items included and the liability amount for each grouping.

★101403. Leases Footnote Format Note 13 Part 5. Leases.

<u>5. Leases:</u>				
(\$ in Thousands)				
ENTITY AS LESSEE:				
1. <u>Capital Leases:</u>				
a. <u>Future Payments Due:</u>				
<u>Fiscal Year</u>	<u>(1)</u>	<u>Asset Category</u> <u>(2)</u>	<u>(3)</u>	<u>Totals</u>
Year 1 (CY + 1)	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx
Year 2 (CY + 2)	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 3 (CY + 3)	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 4 (CY + 4)	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 5 (CY + 5)	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
After 5 Years	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>
Total Future Lease Payments	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx	\$ x,xxx,xxx
Less: Imputed Interest Executory Costs (e.g., Taxes)	(x,xxx,xxx)	(x,xxx,xxx)	(x,xxx,xxx)	(x,xxx,xxx)
Net Capital Lease Liability	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>
b. <u>Liabilities Covered by Budgetary Resources</u>				<u>\$ x,xxx,xxx</u>
c. <u>Liabilities Not Covered by Budgetary Resources</u>				<u>\$ x,xxx,xxx</u>

Figure 10-17

101404. Instructions. SFFAS Nos. 5 and 6 provide the criteria for liability and asset recognition with respect to capital leases.

A. Entity as Lessee.

1. Future Payments Due. Enter future lease payments, by major category, for all noncancelable leases with terms longer than one year.

2. Covered by Budgetary Resources vs. Not Covered by Budgetary Resources. Separately disclose the portions of the capital lease liability covered by budgetary



resources and not covered by budgetary resources (see Appendix B of OMB Circular A-11 for additional guidance but observe a difference in terminology that the term “capital leases” as used in this includes “capital leases and lease purchases” as the terms are used in Circular A-11).

★B. FY Information. The information presented in the FY column must be an actual FY. For example, if year 1 was FY 2000 then year 2 would be FY 2001, etc.

★1015 NOTE 14. MILITARY RETIREMENT BENEFITS AND OTHER EMPLOYMENT-RELATED ACTUARIAL LIABILITIES

★101501. Footnote Format.

<u>Note 14. Military Retirement Benefits and Other Employment-Related Actuarial Liabilities:</u> (\$ in Thousands)				
<u>Major Program Activities</u>	(1) Actuarial Present Value of Projected Plan Benefits	(2) Assumed Interest Rate (%)	(3) (Less: Assets Available to Pay Benefits)	(4) Unfunded Actuarial Liability
1. Pension and Health Benefits:				
a. Military Retirement Pensions	\$ x,xxx,xxx	z.zz%	(\$ x,xxx,xxx)	\$ x,xxx,xxx
b. Military Retirement Health Benefits	x,xxx,xxx	z.zz%	(x,xxx,xxx)	x,xxx,xxx
2. Insurance/Annuity Programs:				
a.	\$ x,xxx,xxx	z.zz%	(\$ x,xxx,xxx)	\$ x,xxx,xxx
b. _____	<u>x,xxx,xxx</u>	<u>z.zz%</u>	<u>(x,xxx,xxx)</u>	<u>x,xxx,xxx</u>
Total	<u>\$ x,xxx,xxx</u>		<u>(\$ x,xxx,xxx)</u>	<u>\$ x,xxx,xxx</u>
3. Other:				
a. Workmen's Compensation(FECA)	x,xxx,xxx	z.zz%	(x,xxx,xxx)	x,xxx,xxx
b. Voluntary Separation Incentive Program	x,xxx,xxx	z.zz%	(x,xxx,xxx)	x,xxx,xxx
c. DoD Education Benefits Fund	x,xxx,xxx	z.zz%	(x,xxx,xxx)	x,xxx,xxx
d. _____	<u>x,xxx,xxx</u>	<u>z.zz%</u>	<u>(x,xxx,xxx)</u>	<u>x,xxx,xxx</u>
Total	<u>\$ x,xxx,xxx</u>		<u>(\$ x,xxx,xxx)</u>	<u>\$ x,xxx,xxx</u>
4. Total Lines A+B+C:	<u>\$ xxx,xxx,xxx</u>		<u>(\$xxx,xxx,xxx)</u>	<u>\$ xxx,xxx,xxx</u>
5. Other Information: _____				
a. Actuarial Cost Method Used: _____				
b. Assumptions: _____				
★    c. Market value of investments in market-based and marketable securities _____				

Figure 10-18

★101502. Instructions. (Note: The information required by Note 14 shall only be reported by the entity that administers pension and/or other retirement benefit(s), except for line 3.a. Workmen's Compensation (FECA)).

A. Pension and Health Care Benefits. The Military Retirement Trust Fund and the Military Post Retirement Health Benefits program shall report the actuarially determined present value of all future pensions and/or retirement benefits earned to date, using the "aggregate entry age normal" method (refer to Chapter 10 of Volume 4 of this Regulation for

further guidance). Current and noncurrent amounts reported must be identified as “Covered by Budgetary Resources” and “Not Covered by Budgetary Resources.” In the required Note columns, enter:

1. Column 1. Actuarial present value of projected plan benefits accrued to date. For pensions, this would be the projected benefit obligation.
2. Column 2. Assumed interest rate used to discount the projected plan benefits cost to its present value.
3. Column 3. Net assets, if any, available to pay benefits.
4. Column 4. Actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected plan benefits (column 1) less fund assets (column 3).
- ★5. Other Information. Disclose, as other information, the actuarial, economic, and health care cost trend assumptions used in the calculations.

B. Insurance/Annuity Programs.

★C. Other.

1. Voluntary Separation Incentive Program. The Voluntary Separation Incentive Fund (recorded on Treasury’s books) is used to accumulate funds to finance, on an actuarially sound basis, the liabilities of DoD incurred under this program. The Voluntary Separation Incentive Fund covers program costs, including the salary and benefits, for qualified military personnel who opt for early retirement. Voluntary Separation Incentive payments are paid using the trust fund managed by DoD, Office of the Actuary and reimbursed annually by the services from their military personnel accounts. Accrual provisions should be established for the pool of military personnel who have selected this option. The amount of the liability accrual will be determine by actuarial data provided by the DoD, Office of the Actuary.

Voluntary Separation Incentive expense information for the payment to the Fund will be reported on the Military Services financial statements in the military personnel appropriation grouping. This expense is to be coded for elimination purposes against the Other Defense Organization, General Fund-All Other Defense Agencies General Fund Accounts. The Other Defense Organization, General Fund-All Other Defense Agencies General Fund Accounts will code the related revenue for elimination purposes against the Military Department-Military Personnel. Defense Finance and Accounting Service (DFAS) Headquarters Reporting Division A will provide the DFAS Centers with the amounts paid into the Fund by each Military Service. Further details concerning the elimination coding procedures and information will be sent under correspondence.

- a. Column 1. Actuarial present value of projected plan benefits accrued to date.

b. Column 2. Assumed interest rate used to discount the project benefits cost to its present value.

c. Column 3. Net assets available to pay benefits.

d. Column 4. Actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected plan benefits (column 1) less fund assets (column 3).

3. DoD Education Benefits Fund. The DoD Education Benefits Fund is designed to accumulate funds for the Educational Assistance program. This program promotes the recruitment and retention of members for the All-Volunteer Forces program and the Total Force Concept of the Armed Forces and aids in the readjustment of members of the Armed Forces to civilian life after separation from military service.

a. Column 1. Actuarial present value of projected plan benefits accrued to date.

b. Column 2. Assumed interest rate used to discount the project benefits cost to its present value.

c. Column 3. Net assets available to pay benefits.

d. Column 4. Actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected plan benefits (column 1) less fund assets (column 3).

4. Workman's Compensation (FECA) Liability Entries. Workman's compensation is a benefit coverage for death, disability, medical, and miscellaneous cost for approved cases of on the job incidents. Workman's compensation claims are submitted to and approved by the Department of Labor (DoL). DoL pays the claim holders. DoL then prepares a chargeback billing to the responsible Agencies. DFAS-KC Agency Reconciliation Branch receives a summary DoD chargeback bill. P.L. 93-416, Section 8147 (the FECA law) essentially gives Agencies two years to pay this chargeback bill, allowing time for the amount for the amount to be included in their budgets. Therefore, there should be an unfunded liability in the CFO Statements for these two years, which may be split into current for the portion to be paid in the following year. Under the FECA law once funding is received, it should be paid within 30 days. If DoD still has some amounts outstanding, these amounts should be reflected as a funded liability and an explanation is required.

a. Column 1. Actuarial present value of projected plan benefits accrued to date.

b. Column 2. Assumed interest rate used to discount the project benefits cost to its present value.

c. Column 3. Net assets available to pay benefits.

d. Column 4. Actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected plan benefits (column 1) less fund assets (column 3).

★D. Total, Lines A+B+C. For columns 1, 3, and 4, enter the sum of the totals on lines A., B., and C. above. The total funded actuarial liability (column 3) should agree with line 4.C. on the Balance Sheet, and the liability not covered by budgetary resources (column 4) should agree with line 5.C.

E. Other Disclosure Information. Provide the following minimum disclosures related to pensions and other actuarial liabilities: (1) total liability; (2) separate amounts for the liability covered by budgetary resources and not covered by budgetary resources; (3) assumptions used to calculate the liability; (4) individual components of the expense for the period; and (5) the market value of investments in market-based and marketable securities pertaining to pensions and other post retirement benefits investments.

1. Actuarial Cost Method Used. Provide a description of the actuarial cost method used to compute the projected plan benefit cost.

2. Assumptions. Disclose the actuarial, economic, and health care cost trend assumptions used in the calculations.

#### ★1016 NOTE 15. NET POSITION

★101601. Footnote Format.

<u>Note 15: Net Position:</u>	
(\$ in Thousands)	
1. Unexpended Appropriations	
a. Unobligated,	
(1) Available	\$ x,xxx,xxx
(2) Unavailable	x,xxx,xxx
b. Undelivered Orders	<u>x,xxx,xxx</u>
c. Total Unexpended Appropriations	<u>\$xxx,xxx,xxx</u>
2. Other Information: _____	
_____	

Figure 10-19

★101602. Instructions.

A. Unexpended Appropriations. This amount includes the portion of the entity's appropriations represented by unobligated balances and undelivered orders. Unobligated balances should be segregated to show available and unavailable amounts. The unexpended appropriations unobligated, available and unexpended appropriations unobligated, unavailable must agree with the Statement of Budgetary Resources, line 8 and line 9, respectively. The undelivered orders amounts should be developed by using USGSGL accounts 4801, undelivered orders - unpaid and 4802, undelivered orders - paid.

★B. Other Information. Provide other information relevant to unexpended appropriations that is not disclosed in the above categories.

1017 NOTE 16. FOOTNOTE DISCLOSURES RELATED TO THE STATEMENT OF NET COST

101701. NOTE 16.A. Suborganization Program Costs. (Optional) For some entities, the organizational structure and operations are so complex that supporting schedules should be used to fully display their suborganizations' major programs and activities. Supporting schedules similar to those illustrated below should be included in the notes to the financial statements and present detailed cost and revenue information supporting the summary information presented in the Statement of Net Cost. Reconcile program costs in Note 16.A. with program costs in Consolidating Statement of Net Cost. Include the following language as "Other Information:

The Department has identified the Government Performance and Results Act (GPRA) performance measures based on missions and outputs. However, the Department is unable to accumulate costs for major programs based on those performance measures, because its financial processes and systems were not designed to collect and report this type of cost information. Until the processes and systems are upgraded, the Department will break out programs by its nine major appropriation groupings.

A. Footnote Format.

<b>Note 16.A. SUBORGANIZATION PROGRAM COSTS:</b>			
Reporting Entity			
Supporting schedules by suborganization			
For the year ended September 30, xxxx			
(\$ in Thousands)			
	<b>SUBORGANIZATION A</b>		
	<u>Program A</u>	<u>Program B</u>	
<b>COSTS:</b>			
Intragovernmental costs	\$ xxx,xxx	\$ xxx,xxx	
Public:			
Transfer payments	xxx,xxx	xxx,xxx	
Administrative costs	xxx,xxx	xxx,xxx	
Other costs	<u>xxx,xxx</u>	<u>xxx,xxx</u>	
Total program costs	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	
	<b>SUBORGANIZATION B</b>		
	<u>Program C</u>	<u>Program D</u>	<u>Program E</u>
<b>COSTS:</b>			
Intragovernmental costs	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Public:			
Other costs	xxx,xxx	xxx,xxx	xxx,xxx
Administrative costs	<u>xxx,xxx</u>	<u>xxx,xxx</u>	<u>xxx,xxx</u>
Total program costs	xxx,xxx	xxx,xxx	xxx,xxx
Less earned revenue	<u>(xxx,xxx)</u>	<u>(xxx,xxx)</u>	<u>(xxx,xxx)</u>
Net program cost	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>	<u>\$ xxx,xxx</u>
	<b>SUBORGANIZATION C</b>		
	<u>Program F</u>	<u>Program G</u>	<u>Other Programs</u>
<b>COSTS:</b>			
Intragovernmental costs	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Public:			
Cost of Stewardship land	xxx,xxx	xxx,xxx	xxx,xxx
Cost of National Defense PP&E	xxx,xxx	xxx,xxx	xxx,xxx
Other costs	<u>xxx,xxx</u>	<u>xxx,xxx</u>	<u>xxx,xxx</u>
Total program costs	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>

Figure 10-20

101702. NOTE 16.B. - Cost of National Defense PP&E. The cost of acquiring, constructing, improving, reconstructing, or renovating National Defense PP&E assets shall be recognized as a cost in the Statement of Net Cost in the period incurred. These costs shall be separately reported on the face of the statement or disclosed in the footnotes, depending on the materiality.

101703. NOTE 16.C. - Cost of Stewardship Assets. The cost of acquiring, constructing, improving, reconstructing, or renovating Stewardship assets shall be recognized in the Statement of Net Cost in the period incurred. These costs shall be separately reported on the face of the statement or disclosed in the footnotes, depending on the materiality.

101704. NOTE 16.D. - Stewardship Assets Transferred. If the cost of heritage assets and stewardship land transferred from other federal entities or acquired through donation or devise is not known, then the receiving entity shall disclose the fair value. If the fair value is not known or reasonably estimable, information related to the type and quantity of assets received shall be disclosed (see SFFAS No. 6).

101705. NOTE 16.E. - Exchange Revenue. Reporting entities that provide goods and services to the public or another government entity should disclose specific information related to their pricing policies and any expected losses under goods made to order. These disclosures are described in SFFAS No. 7.

101706. NOTE 16.F. - Amounts for FMS Program Procurements From Contractors. This note provides a disclosure of management's estimate of amounts related to FMS program procurements from contractors during the period. The amounts disclosed are not included in the net cost principal or supporting statements. These amounts and this note are applicable to only the DoD Agency-wide financial statements. Suggested wording for this footnote is, "Amounts pertaining to FMS items provided by DoD contractors are not reported in the Statement of Net costs. In FY \_\_\_\_, we estimate these amounts to be \$ \_\_\_\_\_. A Statement of Custodial Activity is provided which reports the amounts of cash receipts and disbursements of the FMS Trust Fund during the year."

101707. NOTE 16.G. Benefit Program Expenses.

A. Footnote Format.

<u>Note 16.G. Benefit Program Expense:</u>	
Reporting Entity	
For the year ended September 30, xxxx	
(\$ in Thousands)	
1. Service Cost	\$ x,xxx,xxx
2. Period Interest on the Benefit Liability	\$ x,xxx,xxx
3. Prior (or Past) Service Cost	\$ x,xxx,xxx
4. Period Actuarial Gains or losses	\$ x,xxx,xxx
5. Gains/Losses Due to Changes in Medical Inflation Rate Assumption	\$ x,xxx,xxx
6. Total	<u>\$ x,xxx,xxx</u>

Figure 10-21

B. Instructions. Benefit Plan administering entities must disclose the Benefit Program Expenses as shown in Table 10-17. Within the DoD, this disclosure requirement applies to only the Military Retirement Trust Fund and the Military Post Retirement Health Benefits Program.

1. Service Cost. The service costs represent that portion of the actuarial present value (using the aggregate entry age normal actuarial method) of pension plan



and other retirement benefits and expenses that is allocated to a valuation year by the actuarial cost method.

2. Period Interest on the Benefit Liability. Disclose the interest on the benefit liability for the period. This cost is based on the future benefit obligation at the start of the period and increases the net pension cost.

3. Prior (or Past) Service Cost. The prior (or past) service cost resulting from any change in the future benefit obligation that results from a plan amendment (new plan initiation).

4. Period Actuarial Gains or Losses. The period actuarial gains or losses are those gains or losses that result from deviations between actual experience and the actuarial assumptions used, or from changes in actuarial assumptions.

★101708. NOTE 16.H. Gross Cost and Earned Revenue by Budget Functional Classification.

A. Footnote Format.

<u>Note 16.H. Gross Cost and Earned Revenue by Budget Functional Classification:</u> (\$ in Thousands)				
	<u>Budget Function Code</u>	<u>Gross Cost</u>	<u>(Less Earned Revenue)</u>	<u>Net Cost</u>
1. Department of Defense Military	051	\$ xxx,xxx	(\$ xxx,xxx)	\$ xxx,xxx
2. Water Resources by US Army Corps of Engineers	301	xxx,xxx	(xxx,xxx)	xxx,xxx
3. Pollution Control and Abatement by US Army Corps of Engineers	304	xxx,xxx	(xxx,xxx)	xxx,xxx
4. Federal Employee Retirement and Disability by Department of Defense Military Retirement Trust Fund	602	xxx,xxx	(xxx,xxx)	xxx,xxx
5. Veterans Education, Training, and Rehabilitation by Department of Defense Education Benefits Trust Fund	702	<u>xxx,xxx</u>	<u>(xxx,xxx)</u>	<u>xxx,xxx</u>
6. Total		<u>\$ xxx,xxx</u>	<u>(\$ xxx,xxx)</u>	<u>\$ xxx,xxx</u>

Figure 10-22

B. Instructions. Disclose the gross cost and earned revenue by budget functional classification. Gross cost and earned revenue should be net of intra-entity transactions (consolidated).

★101709. Note 16.I. Imputed Expenses.A. Footnote Format.

Note 16.I. Imputed Expenses (\$ in Thousands)	
1. CSRS/FERS Retirement	\$ 1,333,333
2. Health	1,222,222
3. Life Insurance	<u>111,111</u>
4. Total	\$ 2,666,666

Figure 10-23

★B. Instructions. Disclose the imputed expenses for a civilian employee retirement and other civilian retirement benefits. The imputed expense cost factors are provided by the Office of Personnel and Management to the Office of the Under Secretary of Defense (Personnel and Readiness) (OUSD(P&R)). The DFAS provides civilian employees base salary and number of employees electing health benefits by reporting entity to OUSD(P&R). The OUSD(P&R) will compute and validate the imputed expenses for civilian employees retirement and other retirement benefits and provide to the reporting components for inclusion in the annual financial statements. The imputed expense amounts in this note should equal the imputed revenue amounts in Note 17.

★101710. Note 16.J. Other Disclosures. Include other disclosures applicable to the Statement of Net Cost. For example identify material amounts of extraordinary items (gains/losses) included on line 2, Costs not assigned to Programs. Any DWCF non-recoverable costs included in Program Costs on line 1.A or 1.B. should be fully discussed in this note.

★1018 NOTE 17: FOOTNOTE DISCLOSURES RELATED TO THE STATEMENT OF CHANGES IN NET POSITION★101801. Footnote Format.

<u>Note 17. Disclosures Related to the Statement of Changes in Net Position:</u> (\$ in Thousands)	
A. Prior Period Adjustments-Increase (Decrease) to Net Position Beginning Balance:	
1. Changes in Accounting Standards	\$ xxx,xxx
2. Errors and Omission in Prior Year Accounting Reports	xxx,xxx
3. Other	<u>xxx,xxx</u>
4. Total	<u>\$ xxx,xxx</u>

Figure 10-24

B. Imputed Financing	
1. CSRS/FERS Retirement	\$ xxx,xxx
2. Health	xxx,xxx
3. Life Insurance	xxx,xxx
4. Total	<u>\$ xxx,xxx</u>
C. Other Disclosures to the Statement of Changes in Net Position:	
Other Information: _____	
_____	

Figure 10-24 (Cont.)

★101802. Instructions to Note 17.A. Disclose the nature and amount of significant prior period adjustments. Any amounts over \$100 million should be specifically identified. The total in section A should agree with the amount on line 4 of the Statement of Changes in Net Position.

A. Changes in Accounting Standards. Include in this category those adjustments that result from changes in SFFASs or DoD application of those standards. This includes the offsetting charge for any cleanup cost liability recognized upon implementation of the standard that requires such recognition shall be shown on the Statement of Changes in Net Position as a prior period adjustment. In addition, the amounts involved shall be disclosed in a note, and to the extent possible, be categorized as current or prior periods. Under most circumstances changes in accounting standards will be recognized as current period activity. Prior period adjustments should not be made without prior approval from OUSD(C).

B. Errors and Omission in Prior Year Accounting Reports. Include in this category those adjustments that result from accounting errors and omission of data in prior year accounting records.

★C. Other. Include any prior period adjustment that is not identified in the above categories. Specifically identify any amounts reported in this category. Any component of this line that represent more than 10 percent of the value of the line should be separately disclosed.

★D. Other Information. Disclose any other information relative to prior period adjustments that is not disclosed in the above.

★101803. Instructions to Note 17.B. Disclose the imputed revenue for a civilian employee retirement and other civilian retirement benefits. The imputed revenue is equal to the imputed expense recognized in the Statement of Net Cost and disclosed in detail in note 16. I.

★101804. Instructions to Note 17.C. Disclose other information of a material amount relative to the Statement of Changes in Net Position in this note.

# 1019 NOTE 18. FOOTNOTE DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES

## 101901. Footnote Format.

<u>Note 18. Disclosures Related to the Statement of Budgetary Resources:</u>	
(\$ in Thousands)	
1. Net amount of Budgetary Resources Obligated for Undelivered Orders at the End of Period	\$ xxx,xxx
2. Available Borrowing and Contract Authority at the End of Period	\$ xxx,xxx
3. Other Information: _____	
_____	
_____	

Figure 10-25

## 101902. Instructions.

A. Net Amount of Budgetary Resources Obligated for Undelivered Orders at the End of Period. Disclose the net amount of budgetary resources obligated for undelivered orders as of September 30. Standard general ledger accounts 4801 and 4802 are used for this line.

B. Available Borrowing and Contract Authority at the End of Period. Disclose the amount of available borrowing authority on September 30. Standard general ledger accounts 4139 and 4149 are used for this line.

C. The statement should exclude any amounts for which The Department of the Treasury is willing to accept corrections to cancelled appropriation accounts, in accordance with SFFAS Number 1.

D. Other Information. Disclose that intra-agency transactions have not been eliminated because the statements are presented as combined and combining. Reference the disaggregated Statements of Budgetary Resources in the Required Supplementary Information section of the financial statements, if applicable. Disclose material adjustments during the reporting period to budgetary resources available at the beginning of the year and an explanation thereof. Also if applicable, the existence, purpose, and availability of permanent indefinite appropriations; and information about legal arrangements affecting the use of unobligated balances of budget authority such as time limits, purpose, and obligation limitations. Explain any abnormal balances and disclose any other information relating to the reporting entity that provides a further understanding of the entity's Statement of Budgetary Resources. In the event that the accounting records do not support the identification and reporting of eliminating entries,

management is required to disclose in this footnote its best estimate of the amounts that should have been eliminated from the various lines on the consolidating statement. Disclose repayment requirements, financing sources for repayment, and other terms of borrowing authority used. Explain the amount of any capital infusion received during the reporting period. Explain any material differences between the information required by the statement and amounts described as “actual” in the “Budget of the United States Government.” Eliminating entries for this statement are deferred by the revised OMB 97-01 bulletin for FYs 1998 and 1999. A combined Statement of Budgetary Resources will be prepared and labeled accordingly.

#### 1020 NOTE 19. FOOTNOTE DISCLOSURES RELATED TO THE STATEMENT OF FINANCING

102001. Footnote Format.

<u>Note 19. Disclosures Related to the Statement of Financing:</u> _____ _____ _____ _____
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Figure 10-26

102002. Instructions. Report information relating to the reporting entity that provides a further understanding of the entity’s Statement of Financing. Disclose the amount of liabilities not covered by budgetary resources and provide an explanation that includes balance sheet components, when recognized liabilities not covered by budgetary resources do not equal the total financing sources yet to be provided. In addition, disclose that intra-entity transactions have not been eliminated because the statements are presented as combined and combining.

#### 1021 NOTE 20. FOOTNOTE DISCLOSURES RELATED TO THE STATEMENT OF CUSTODIAL ACTIVITY

102101. Footnote Format.

<u>Note 20. Disclosures Related to the Statement of Custodial Activity:</u> _____ _____ _____ _____
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Figure 10-27

102102. Instructions. Disclose basis of accounting and if trust fund revenues are not recorded in accordance with applicable law. Report other information relating to the reporting entity that provides a further understanding of the entity Statement of Custodial Activity, discussed further in Chapter 9.

## 1022 NOTE 21. OTHER DISCLOSURES

102201. Footnote Format.

## ★Note 21A: Other Disclosures; Leases:

## 1. ENTITY AS LESSEE:

## a. Operating leases:

(1) Description of lease arrangements: \_\_\_\_\_  
\_\_\_\_\_

## (2) Future Payments Due:

<u>Fiscal Year</u>	(1)	(2)	(3)	(4)
Year 1 (CY + 1)	\$x,xxx,xxx	\$x,xxx,xxx	\$x,xxx,xxx	\$x,xxx,xxx
Year 2 (CY + 2)	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 3 (CY + 3)	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 4 (CY + 4)	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 5 (CY + 5)	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
After 5 Years	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>
Total Future Lease Payments	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>

## 2. ENTITY AS LESSOR:

## a. Capital Leases:

(1) Description of lease arrangements: \_\_\_\_\_  
\_\_\_\_\_(2) Future Projected Receipts:

<u>Fiscal Year</u>	<u>Asset Category</u>			<u>Totals</u>
	(1)	(2)	(3)	
Year 1	\$x,xxx,xxx	\$x,xxx,xxx	\$x,xxx,xxx	\$x,xxx,xxx
Year 2	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 3	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 4	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 5	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
After 5 Years	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>
Total Future Capital Lease Receivable	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>

## b. Operating Leases:

(1) Description of lease arrangements: \_\_\_\_\_  
\_\_\_\_\_

Figure 10-28

(2) <u>Future Projected Receipts:</u>				
<u>Fiscal Year</u>	<u>Asset Category</u>			<u>Totals</u>
	(1)	(2)	(3)	
Year 1	\$x,xxx,xxx	\$x,xxx,xxx	\$x,xxx,xxx	\$x,xxx,xxx
Year 2	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 3	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 4	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Year 5	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
After 5 Years	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>
Total Future Capital Lease Receivable	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>	<u>\$x,xxx,xxx</u>

Figure 10-28 (cont.)

102202. Instructions. Report other information relating to the reporting entity's financial position and results that is not applicable to any other notes.

★A. Entity as Lessee.

1. Operating Leases.

a. Description of Lease Arrangements. Provide information that would disclose the level of the agency's funding commitments including, but not limited to, the major asset categories and such lease terms as the existence and terms of renewal options, escalation clauses, restrictions imposed by lease agreements, contingent rentals, and the amortization period.

2. Future Payments Due. Enter future lease payments, by major category, for all noncancelable leases with terms longer than one year.

★B. Entity as Lessor.

1. Capital Leases.

a. Description of Lease Arrangements. Provide the information necessary to disclose the commitments of the entity's assets including but not limited to the major asset category and lease terms.

b. Future Project Receipts. Enter future lease revenues by asset category for all noncancelable leases with terms longer than one year.

2. Operating Leases.

a. Description of Lease Arrangements. Provide the information necessary to disclose the commitments of the entity's assets including but not limited to the major asset category and lease terms.

b. Future Project Receipts. Enter future lease revenues by asset category for all noncancelable leases with terms longer than one year.

c. Other Disclosures. Any additional disclosures shall be consecutively numbered 21B., 21C., etc.